

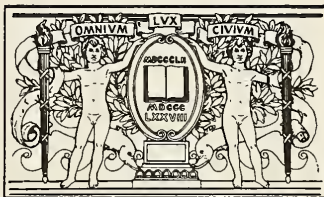
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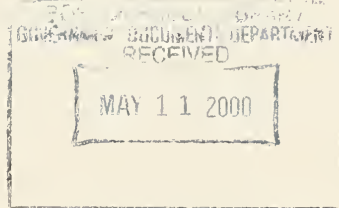
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1988
George Huggins, Esq., Chairman
Dennis A. Quilty, Esq.
Tyra B. Sidberry
Neal J. Curtin, Esq.

Jeffrey W. Conley
Executive Director

June 7, 1989

The Honorable the Senate and
House of Representatives
State House
Boston, Mass.

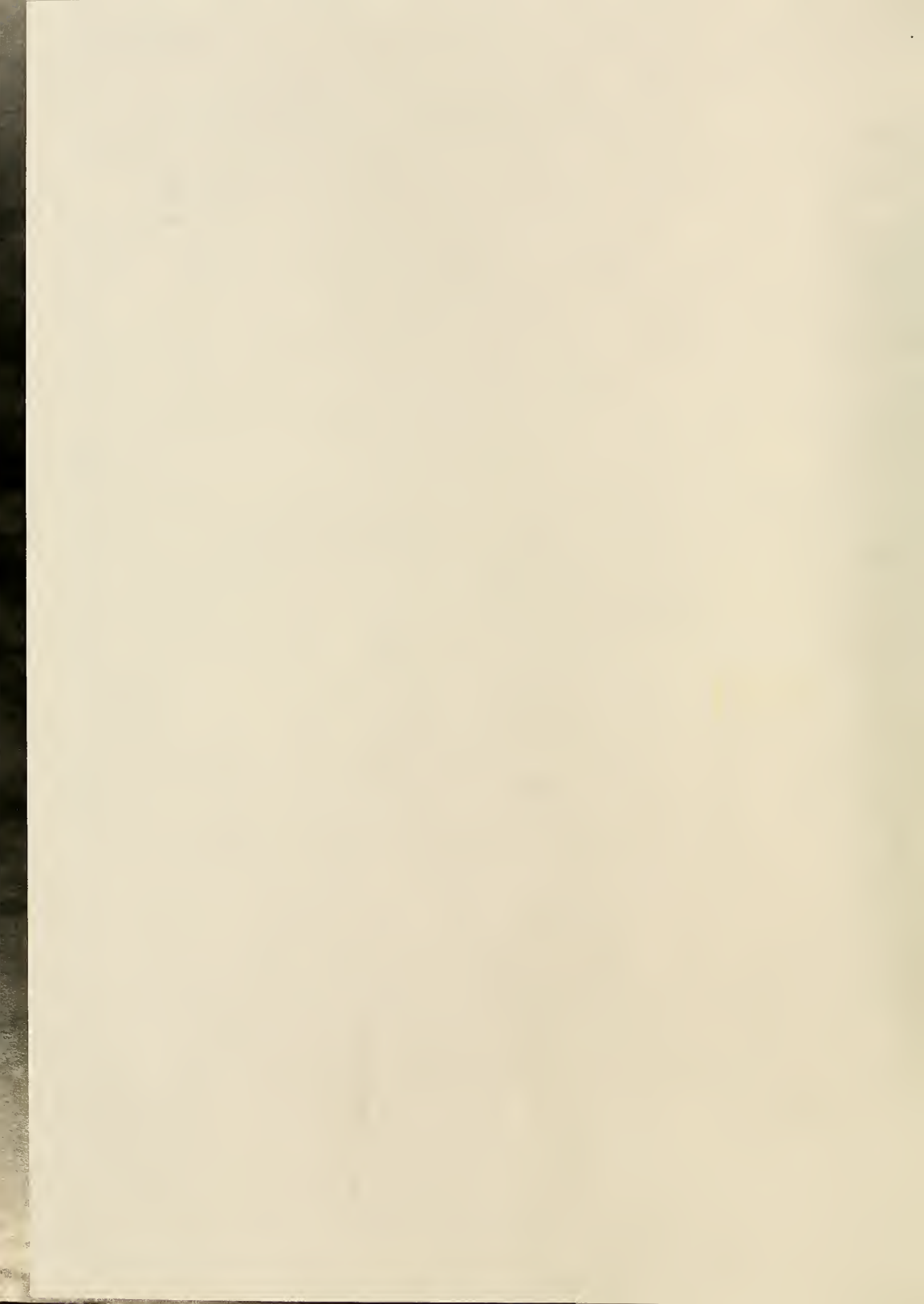
This annual report is submitted to your honorable bodies in accordance with the provision of section 18 of Chapter 486 of the Acts of 1909. The membership and expiration dates of the terms of the Commissioners is as follows:

John L. Tobin, Chairman	7/28/91
George Huggins	7/17/88
Dennis A. Quilty	10/9/89
Tyra B. Sidberry	9/18/90
Neal J. Curtin	8/9/92

During 1988 the Commission continued its longstanding practice of:

- (1) Investigating and issuing reports upon matters affecting the methods of administration and finances of the City of Boston;
- (2) Reviewing all contracts awarded without the benefit of formal public advertising. There were approximately 1,700 such contracts awarded by the City of Boston in calendar year 1988;
- (3) Investigating and/or looking into matters concerning complaints received from the general public, public employees, contractors doing business with the City of Boston and matters brought up by members of the Finance Commission.

During 1988 the staff of the Finance Commission remained at three full time employees. The budget for fiscal year 1988 was \$146,067 and the budget for fiscal year 1989 was \$151,362. The Commission maintains its office at 294 Washington St., Boston. The Commission meets on a regular basis and determines by vote the principal activities that will be on the working agenda of the Commission. During 1988 there were several activities that took up a considerable amount of time: A Report on the Overpayment of Real Estate Taxes, A Report on the Maintenance of the Boston Public Schools and a Report on the Issuance of Unadvertised Contracts by the City of Boston in Fiscal Year 1988. The full reports are published, released to the public and copies are available at the Commission's Office.



Overpayment of Real Estate Taxes

The Commission issued this report on April 6, 1988. The investigation and resulting report was initiated after the Commission received a number of complaints from taxpayers who had inadvertently made duplicate or overpayment of real estate taxes. People also encountered difficulty obtaining refunds of the overpayments. The Commission learned that the basic problem was due to the fact that tax bills do not identify credits from one tax year to the next.

The Commission found that there were 23,056 real estate tax accounts with credit balances covering the period from July 1, 1975 to June 30, 1987. The total credit balance for that period of time was \$5.7 million. The overpayments came about in three basic ways. Misposting was a common problem which results when a teller credits a payment against the wrong account. That problem appeared frequently, especially in fiscal year 1987. It was due to several factors. The tellers had no on line capacity with the computer system to check accounts for the actual amount owed. That led to numerous errors. There was also a problem with tax escrow agents, especially banks and mortgage companies which oftentimes submitted an individual payment for up to 200 separate billings. Any mistake by the escrow agent led to a misposting. And there are many times when payments are made without being accompanied by a bill which caused an obvious posting problem.

Duplicate bills led to posting problems as well. The City sent out approximately 38,000 duplicate tax bills which is when both the property owner and a bank or mortgage company receive the same bill. When a duplicate payment occurred in the first half payment it would show itself as a credit on the second half bill. But when that happened on the second half payment no credit showed on the first billing of the following year and the overpayment was never credited.

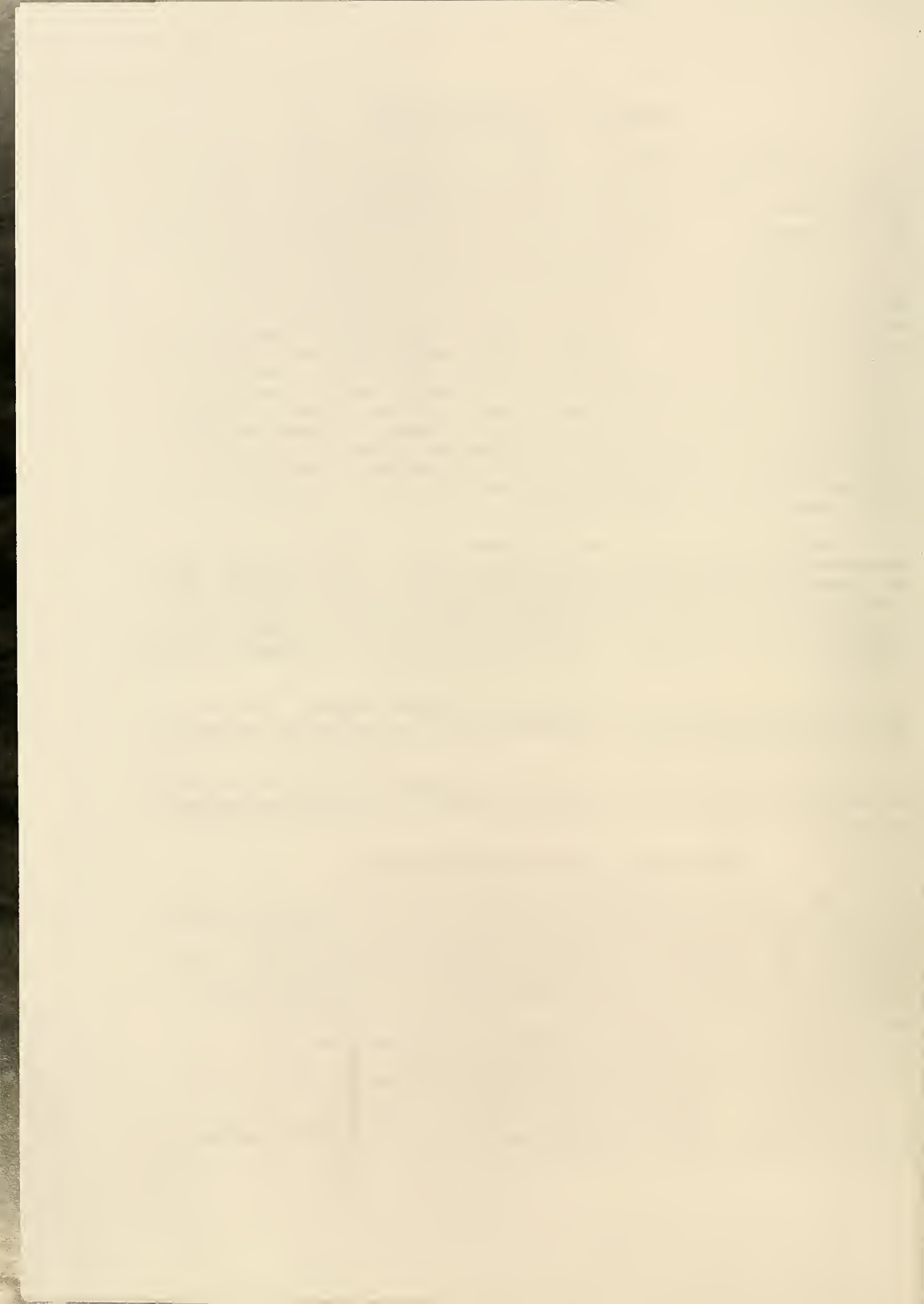
The third cause was the crediting of abatement payments. When the crediting of an abatement was delayed past the billing period there were times when an overpayment resulted.

The Commission issued a series of recommendations to remedy the problem and the Collector's Office made a good faith effort to clear up any overpayment of real estate taxes.

Maintenance of the Boston Public Schools

The Commission issued its second report on school maintenance on July 11, 1988. The report had a twofold purpose; to review any actions taken by the School Department since the issuance of the previous report on school maintenance and to evaluate the current and future maintenance needs of school buildings. The report was a follow-up to a 1986 report which documented serious abuses in the delivery of custodial services. The findings of this report included:

1. Superintendent Laval Wilson failed to implement many of the recommendations of the 1986 Finance Commission report;
2. Not all custodians work their full shifts despite being paid to do so and being held accountable for their time;
3. School custodians were granted salary increases which were well above those granted to other municipal employees despite continued problems of lack of productivity and accountability;



4. The School Department has no effective plan to determine how its limited budget for alterations and repairs will be spent;

5. Maintenance needs have not been prioritized on a city-wide basis or at individual schools;

6. The bulk of the present maintenance budget of \$8 million is spent on fixed costs and annual contracts with only approximately \$3 million available to provide for maintenance needs;

7. Although Superintendent Wilson has called for a drastic increase in the maintenance budget, he has failed to offer a plan for its expenditure;

8. The Boston Education Plan, as it relates to facilities, is vague. It includes no specifics and fails to address the need to reorganize the department of Planning and Engineering;

9. Although the City of Boston Capital Plan funds many necessary improvements to school buildings, it is not accompanied by a maintenance plan which will protect such a substantial investment.

Unadvertised Contracts

The most time consuming task of the Commission is its review of unadvertised contracts. Contracts are reviewed on a fiscal year basis and a report on the management of those contracts is issued annually. The report on the fiscal year 1988 contracts included the following findings:

1. The City of Boston continued to issue a substantial number of contracts without formal public bidding. During fiscal year 1988, 1,662 such contracts were issued. The face amount of those contracts was \$316 million.

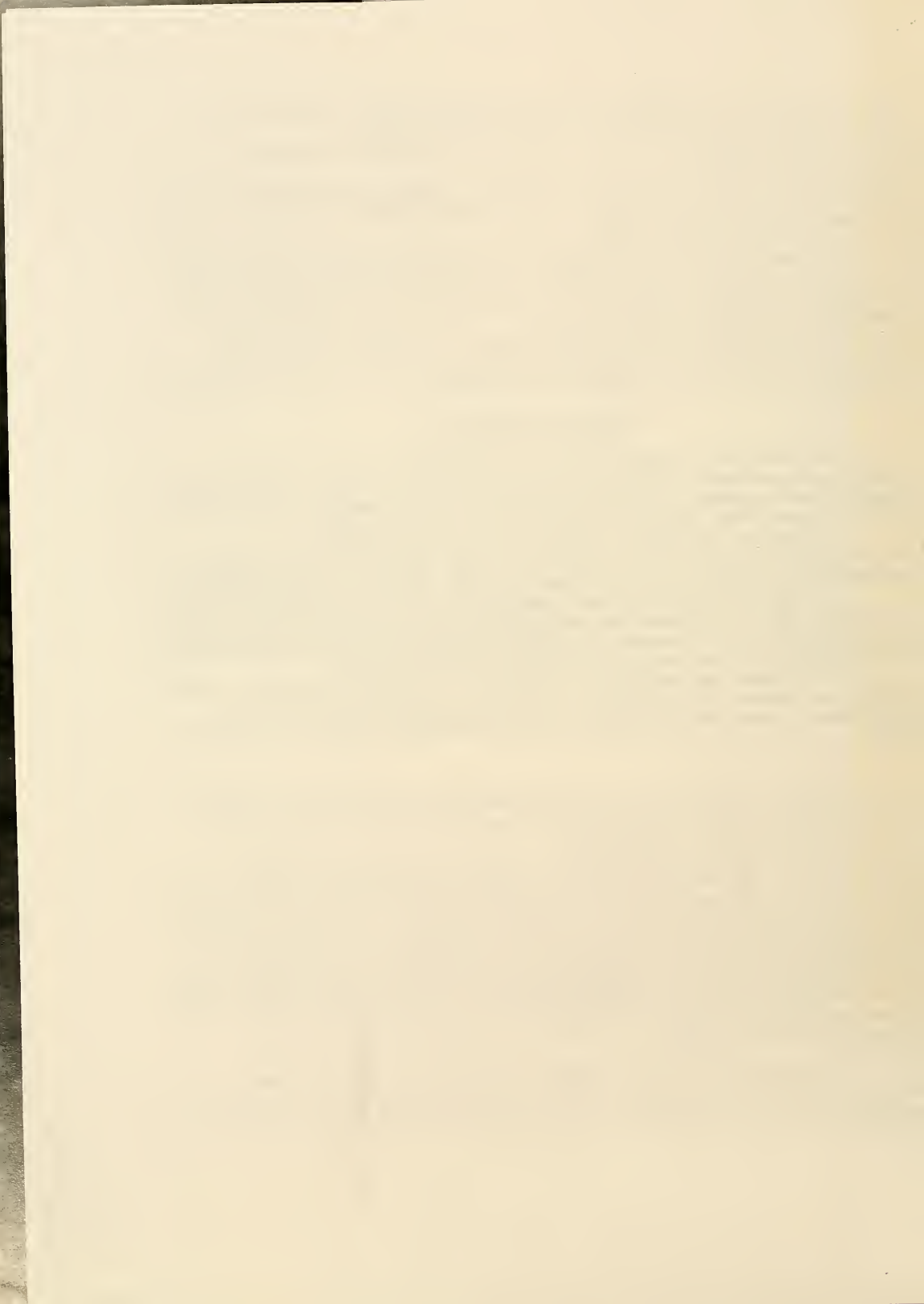
2. Compliance with contract management policy has remained a problem in fiscal year 1988. The Commission approved 842 of the 1,662 contracts issued. Once again there was a substantial problem with the timeliness of contracts as 729 were submitted late and 47 were submitted after the fact.

3. Although the management of contracts in FY 1988 showed only a small overall improvement, the management of contracts in FY 1989 has shown improvement to date and it appears that some management progress is taking place.

During the course of the year the Commission issued several smaller reports. There are also a great many complaints that are received, some of which are acted on by the Commission.

-- The Commission took a strong position in a March 7, 1988 communication to the Mayor urging him to proceed legally against Cablevision of Boston. A previous Commission report had documented the fact that Cablevision had failed to meet the terms of its license agreement in a number of areas. The report also advised the City to watch the progress of a legal case in a neighboring town which was in the process of litigating a very similar issue. When the Town of Norwood won a case against its Licensee, Adams-Russell, the Commission urged the city to seek outside legal counsel and take action against Cablevision for not meeting the terms of its license agreement. The recommendation was followed.

- The Commission issued a report to the Mayor on May 27, 1988 congratulating the City on its overall financial condition, the improvements in the budget process and especially its higher bond rating.



- The Commission was asked to look into the manner in which the Park Department maintenance contracts were managed. Several problems were uncovered and a formal recommendation sent to the Park Department.

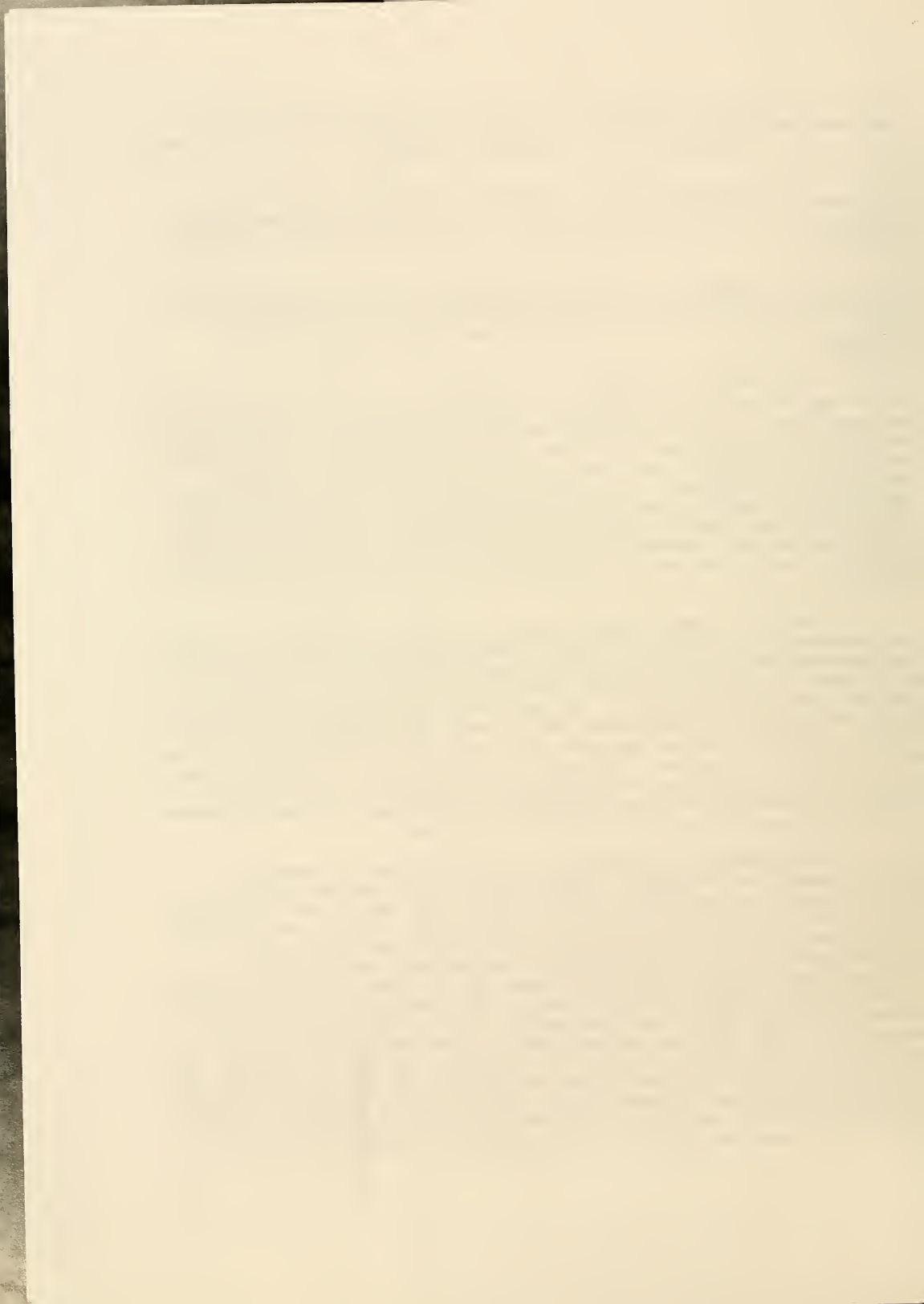
- The Commission undertook a review of the manner in which city departments issue multi-vendor contracts. There were seventeen departments analyzed and only one met the requirements of the executive order on contract compliance.

- The Commission investigated a complaint concerning improper contract payments on the job for the "L" Street Bathhouse reconstruction in South Boston. The complaint was valid and steps were taken to avoid future incidents.

- The Commission conducted an investigation on a construction job done at the Long Island Homeless Shelter. The inquiry uncovered the fact that work was done without bids and the bidding process was intentionally ignored by the Public Facilities Department. The job, the complete reconstruction of showers and adjacent facilities, was done by a company which had been presently working for the department. In order to be paid, PFD officials intentionally and improperly amended a non-related existing contract with that vendor. This represented a case where a city official intentionally violated the contract process and the law. Furthermore, that same official improperly used another contract to pay for the work at Long Island Hospital. The cost of the work was \$79,377.

- Due to its concern over the cost of disposing of residential refuse, the Commission instructed its staff to review the rubbish disposal contracts. The agreements were reviewed and each of the disposal sites was visited. There are transfer stations in Cambridge, Roxbury and Somerville and landfills in East Bridgewater and Plainville. The staff also visited landfills in both Fall River and Rochester, New Hampshire, both of which are disposal sites for the transfer stations. The New Hampshire site accepts much of the refuse from the Somerville transfer station. The staff also reviewed the collection contracts and the manner in which the city manages those agreements. The Commission intends to follow the bid process regarding the upcoming collection agreements and issue a report on what it has done in the spring.

- The Commission completed an internal investigation regarding a contract between the Department of Health and Hospitals and Boston City Hospital Anesthesia, Assoc., Inc. The purpose of the inquiry was to determine what the City was receiving in terms of anesthesiology services and what items the City paid for in the billing process. The inquiry was begun due to complaints about the rate of pay to anesthesiologists. During the course of the inquiry the Commission issued a subpoena for the production of records from Dr. Dean Crocker, President of the company. The Commission reviewed every cost billed to the City over a three year period. The contractual relationship between the parties was also reviewed closely. The Commission was particularly troubled by the fact that according to the contract, malpractice insurance and fringe benefits were to be paid by the vendor, but were not. The contract also afforded the Department the opportunity to review audited financial statements and provided for a review of the books but neither was done. The Commission found that the services could be better provided in another fashion and the



hospital arranged to contract for the anesthesiology services through a contract with the Boston University School of Medicine.

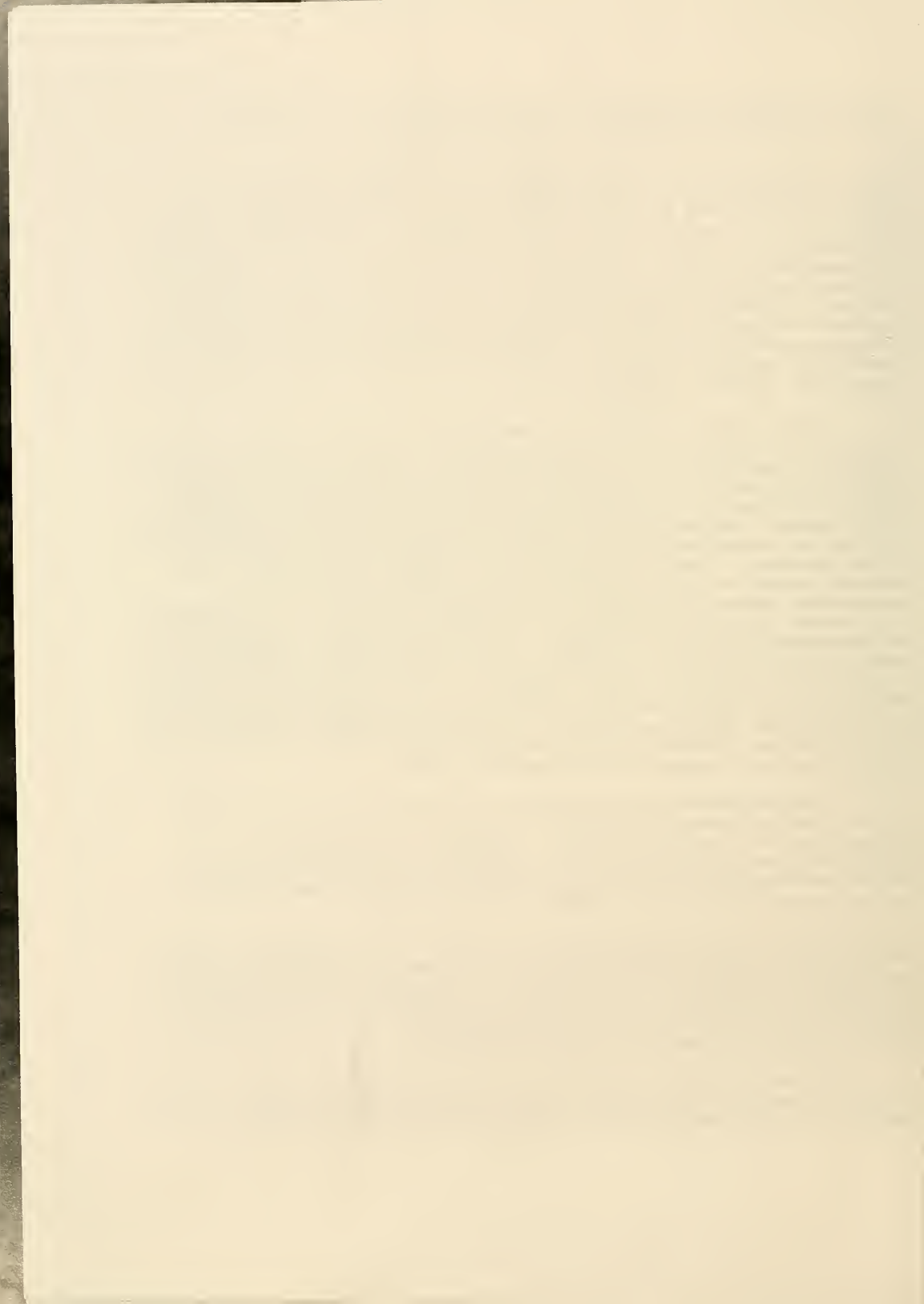
- During the above inquiry the Commission became concerned with the manner in which the cost for major medical services was administered. It was found that the billing for all major service contracts was lacking in specific detail. The city received twelve equal monthly bills and paid them. There was no documentation included on the bills to determine actual costs. Furthermore, the Department of Health and Hospitals took no internal steps to insure that the costs being billed actually reflected the costs of the services provided. The lack of internal financial controls was a concern to the Commission and the Department of Health and Hospitals was asked to establish a more comprehensive billing process which would fully identify the actual cost of services. The Commission planned to follow-up on its initial inquiry after several months to learn if the requested changes were made.

- One of the routine tasks of the Commission is tracking the revenue generated from the collection of parking tickets. The staff reviews the weekly receipts and monitors the collections over the course of the year. The Commission has also had a longstanding interest in the contractual agreement between the Office of the Parking Clerk and Lockheed Datacom for the management of the system. The Commission has taken the position that the services being provided are competitive in nature and that there should be a formal RFP process developed to seek out competition. FY 1989 is the last year of the existing contract and the Commission actively pressed for an early comprehensive process to determine the new vendor for FY 1990. The Commission also decided to get directly involved in both the development of the RFP and the subsequent review of the proposals. It was the unanimous consensus of the Commission that by getting involved early that there could be continued input along the way resulting in a better process. The Flynn Administration accepted the Commission's suggestions and the Commission had a member of its staff sit in on many of the evaluation sessions. The process was nearly completed at the close of 1988 but the final award of the contract and analytical report of the Commission was not issued until the beginning of 1989.

- The Commission also continued its longstanding policy of reviewing certain financial transactions in city agencies. All supplemental appropriations are routinely reviewed. The staff also monitors the monthly collection of parking meter receipts. In 1988 some problems were discovered with the existing vendor and the Transportation Department began to collect receipts internally until a new vendor could be employed.

- The Commission also continued its review of the status of all leases between the Real Property Department and the various vendors holding leases on the municipal parking lots. The Commission continued its efforts at having the Real Property Department utilize income from the Parking Facilities Fund to develop additional parking in the various neighborhoods of the city, especially the busy neighborhood commercial business districts.

The one other time consuming function of the Commission is in providing information and answering questions from the public about city affairs. People routinely call with questions and/or complaints and the staff has been

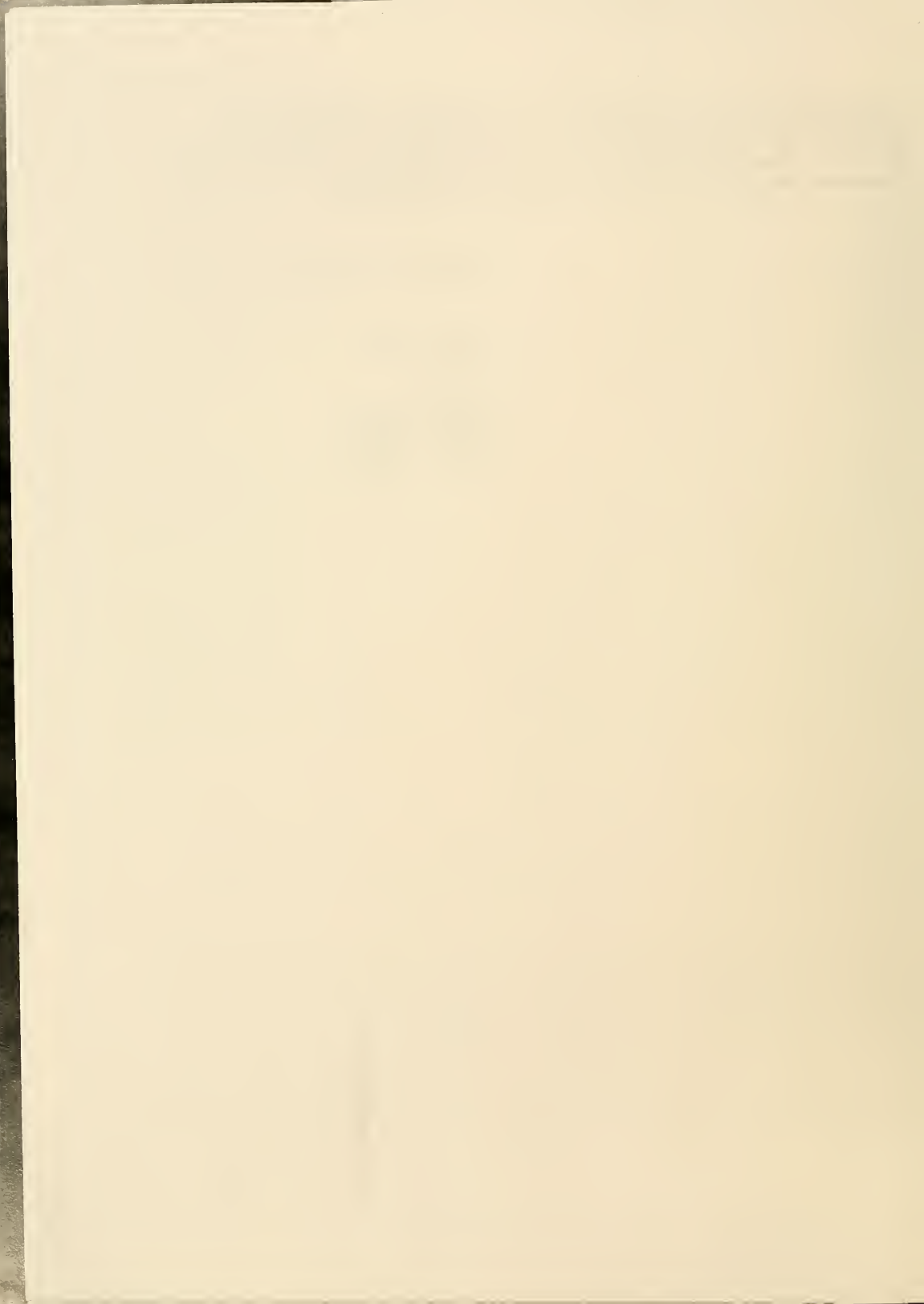


instructed that, to the extent possible, it should be as helpful and/or informative as possible. Complaints are followed-up and responded to appropriately. Many times it involves a minor matter that can be resolved by the staff. Other times, such as with the overpayment of real estate taxes, complaints develop into a major initiative of the Commission.

Respectfully submitted,

John L. Tobin
Chairman

George Huggins
Dennis A. Quilty
Tyra B. Sidberry
Neal J. Curtin





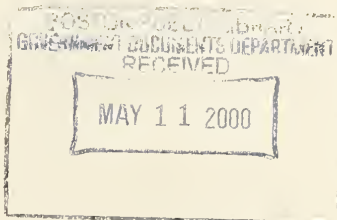
FINANCE COMMISSION

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BOSTON, MA. 02108

TEL. 482-9706



Esq., Chairman

George Huggins

Dennis A. Quilty, Esq.

Tyra B. Sidberry

Neal J. Curtin, Esq.

Jeffrey W. Conley
Executive Director

January 31, 1990

The Honorable the Senate and
House of Representatives
State House
Boston, Mass.

This Annual Report is submitted to your Honorable Bodies in accordance with the provisions of Section 18 of Chapter 486 of the Acts of 1909. The membership and expiration dates of the terms of the Commission is as follows:

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Neal J. Curtin	8/9/92

During 1989 the Commission continued its longstanding practice of:

- (1) Investigating and issuing reports upon matters affecting the methods of administratio and finances of the City of Boston;
- (2) Reviewing all contracts awarded without the benefit of formal public advertising. There were approximately 1,600 such contracts awarded during 1989;
- (3) Investigating matters concerning complaints received from the general public and providing information when requested.

The staff of the Commission remained at three full time employees during the year. In addition, through a grant sought and received from the Executive Office of Communities and Development, the Commission has the help of a part time employee who qualified under the Massachusetts Minority Internship Program. The Fiscal Year 1990 budget was \$151,362. The Commission maintained its office at 294 Washington St., Boston under a multi-year lease. The Commission members meet on a regular basis and determine by vote the

principal activities of the Commission. The Commission further continued its longstanding practice of directing the staff to look into complaints received concerning city agencies and employees. All records of the Commission are made available to the public and minutes of each meeting are kept and placed in book form.

This Annual Report, as has been the case for a number of years, is but a summary of what the Finance Commission became involved in in 1989. It has been the recent practice of the Commission to author a brief report due to time involved in writing and drafting a lengthy version as was done years ago. All Commission reports, letters, contract review forms, etc. are readily available to the public at the Office of the Commission.

The Commission issued two major reports in 1989, one involved the award of a five year \$22 million contract to Datacom Systems Corp., a Lockheed Company to provide the City with a parking violations/parking management information services system. The second report was on the City of Boston's Rent Equity Board.

The Commission issued a detailed report on the award of a \$22 million contract to Datacom on February 17, 1989. The Commission has had a long history with the monies collected from parking fines and the award of contracts to provide the capability to collect and manage the collection process. The City collects in excess of \$40 million annually through the issuance of parking tickets. Ticketing has become a major revenue source for the City and its management under the Datacom contract has often been controversial. The Commission was active in insisting that the required services be put out to bid when the City had preferred to make an award without advertising. When the decision was made to seek competitive proposals, the Commission voted to get involved in the process from the beginning in order to have input into the decision making process.

The Commission believed that there was cause for concern even with a Request for Proposal (RFP) process. The system had become sophisticated through years of enhancements made by the Office of the Parking Clerk working with Datacom. The two had become comfortable with one another. Thus the first recommendation of the Commission was that an experienced outside consultant be brought in, preferably a major accounting firm. That was done when Deloitte, Haskins and Sells was brought in to the review process.

The Commission assisted in creating the RFP, determining the evaluation criteria and sat in on the evaluation process. The conclusion of the Commission as presented in its report was that the process was sound and the selection of Datacom was in the City's best interest. It was true that Datacom had an advantage knowing the system. But, more importantly, with the amount of revenue involved, over \$40 million a year, only Datacom of those submitting proposals could fulfill the needs of the City.

The Commission issued a report on the City of Boston rent control ordinance and the Rent Equity Board on October 5, 1989. The following findings were made:



1. The public was not treated with respect by the staff of the Rent Equity Board resulting in a lack of trust in the agency;

2. The Rent Control Ordinance is confusing to the public as are its lengthy regulations promulgated to implement it;

3. Staffing, organization, training of staff and salary levels need to be evaluated. The key positions of Hearings Officers and Inspectors are poorly compensated in relationship to the jobs being performed;

4. The inadequacy of the Board's office space was detrimental to the operation of the office;

5. The volume of transactions combined with the complexity of the process resulted in delays in the decision making process.

The Commission issued several recommendations intended to improve management. The Board worked with the Commission to consider the suggestions and by year's end was in the process of making some beneficial changes.

The Commission also engaged in numerous other activities including:

Reviewing compliance with the Deployment Plan by the Boston Police Department;

Opposing a contract being awarded to the Trustees of Boston University by the Department of Health and Hospitals. The Commission found that the actual cost of providing physician services was \$5,161,264 which was an amount well below the contracted figure of \$6 million. Furthermore, the Commission found that the department performed no actual review of costs merely authorizing twelve equal payments of \$500,000. The City was overpaying by \$839,000;

The Commission reviewed an eminent domain taking by the Real Property Board at 650 East Broadway, South Boston;

The Commission investigated a complaint of a no-show employee of the Park Department which the Commission found to be a valid complaint. Corrective action was taken by the Parks Department;

The Commission reviewed the contract for school bus services between the School Department and ICBM. The Commission was especially concerned that with only one company providing bus services that cost control would be a serious problem. It urged the Mayor to withhold authorization until an agreement was made for an accounting of bills. The Mayor concurred and the contract proceeded with that control mechanism;



The Commission looked into the management of the Workers Compensation Division of the Law Department with emphasis on its lack of investigative capacity;

The Commission took issue with the increasing cost of a consultant contract between the Transportation Department and Bruce Campbell and Assoc.;

The Commission directed the staff to continue its review of all unadvertised contracts issued by the City of Boston. That review takes up a considerable amount of staff time but annually it has been made a priority of the Commission.

The records of the Commission are available to the public. The detailed information of the matters mentioned herein are also available at the office of the Commission. Anyone is welcome to go through the records upon request.

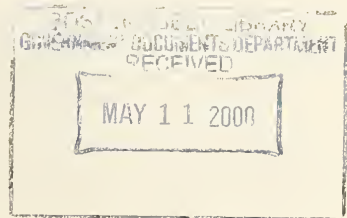
Respectfully submitted,

John L. Tobin
Chairman





CITY OF BOSTON
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1990
_____, Esq., Chairman
George Huggins
Dennis A. Quilty, Esq.
Tyra B. Sidberry
Neal J. Curtin, Esq.

Jeffrey W. Conley
Executive Director

1990
January 31, 1991

The Honorable the Senate and
House of Representatives
State House
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Neal J. Curtin	8/9/92
Cheryl M. Cronin	7/17/93

During the year the Commission continued its longstanding practice of:

- 1) Investigating and issuing reports upon matters affecting the methods of administration and finances of the City of Boston;
- 2) Reviewing all contracts awarded without being publicly advertised. There were over 1400 such contracts during the year;
- 3) Investigating and responding to complaints from the general public and providing information to the public upon request.

The staff of the Commission remained at three full time employees for the year with one part time employee working under a grant received by the Commission. The Commission had sought to increase the size of its staff by one but the position was denied in the budget process. The Fiscal Year 1990 budget of the Commission was \$151,362 and the Fiscal Year 1991 budget was \$147,450. The Commission maintained its office at 294 Washington St., Boston under a multi-year lease arrangement which is due to expire in June, 1991. The members met on a

regular basis throughout the year.

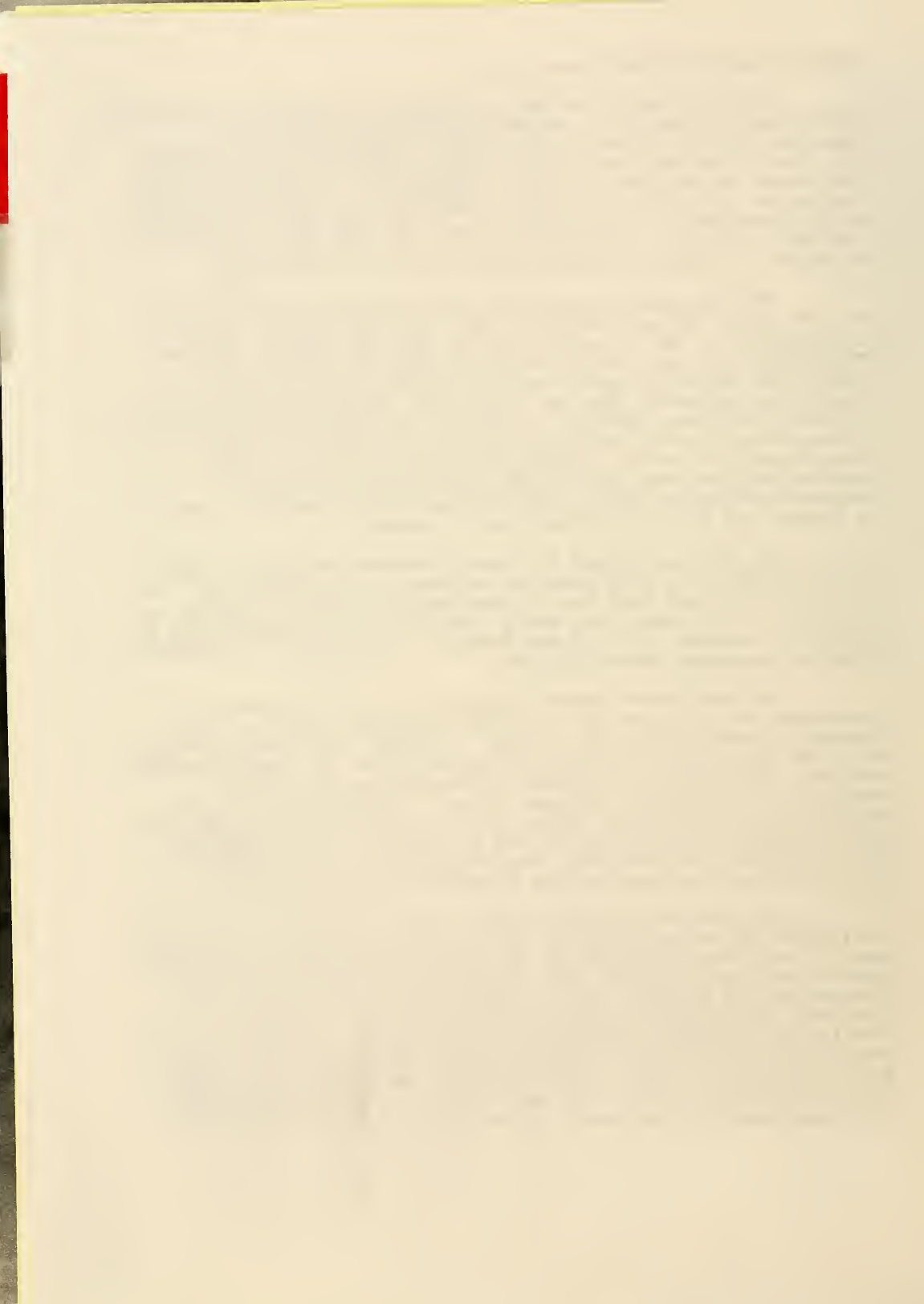
The Commission for the past several years has spent time monitoring the various revenues of the Transportation Department, particularly parking meter receipts and the income from the ticketing operation. Further, the Commission reviews the leases of the Real Property Department. All records of the Commission are made available to the public as are all matters of City business. The Commission has for many years issued only a summary report of activities due to limited staff time. It maintains a complete record of activities in its office.

The Commission issued two major reports during the year. One addressed the matter of the applicability of the Uniform Procurement Act as it applied to the City of Boston. The new Procurement Law was to take effect on May 1, 1990 and the Commission issued a report criticizing the City for failing to prepare to implement the law. Effective April 30, 1990 the City of Boston had done nothing to prepare for implementation thus risking the validity of hundreds of contracts. The issue of the Procurement Law was of primary significance during 1990. Despite urgings from the Finance Commission the City's Corporation Counsel ruled that the law did not apply to the City of Boston and thus no changes were in order.

The City continued to issue contracts during the year until November 21, 1990 when the Supreme Judicial Court of the Commonwealth ruled that the Uniform Procurement Act applied to the City. As a result the every contract issued between May 1, 1990 and November 21, 1990 was invalid. The number of contract affected exceeded three thousand.

The Commission moved immediately to try to seek a resolution and brought the City and the State Office of the Inspector General together to seek a remedy. The only solution would be legislation validating contracts not in compliance with the law. The Commission spent the remaining days of 1990 working to resolve the contract issue. Playing the role of a mediator, the Commission worked out legislation validating over two thousand contracts by the end of the year. The Inspector General asked the Commission for its opinion on all contracts and only those approved by the Commission were validated.

The Commission also issued a report of the staffing and deployment of Police Officers by the City of Boston. It is an area of continued interest to the Commission as it has been the subject of past reports. The Commission credited the City for increasing the staffing levels, particularly in Area B where they had been woefully inadequate in the past. But the Commission remained concerned that there were too many unfilled positions and too many officers working in jobs that could be performed by civilians. The Commission reported that of 2,083 funded positions, only 2,007 were filled. Further there are routinely over 100 officers out weekly on medical incapacities



and close to two hundred officers working jobs that could be done by civilians. The Commission continued to question the lack of personnel controls. Lastly, the long overdue neighborhood based deployment plan remains unimplemented.

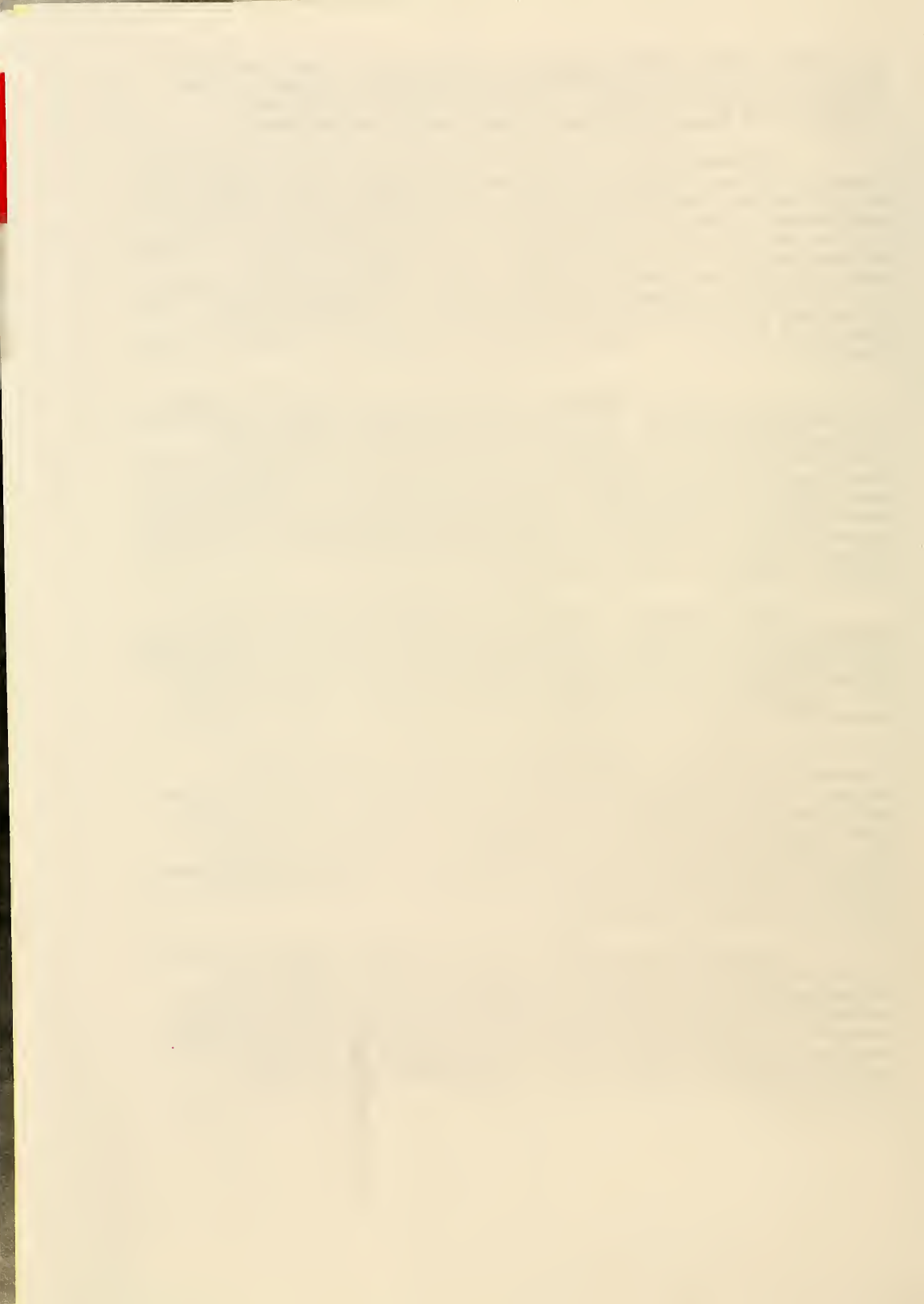
The Commission joined forces with the Boston Municipal Research Bureau for the first time in a review of the operation of the Workers Compensation Unit. Collectively there was considerable concern over the staffing and direction of that office due to its cost to the City. All activities were reviewed as was administrative procedures. The Commission was particularly concerned that there was no investigations ongoing and no staff in place to perform same. The Commission was very concerned that the Office was to be placed un the Health Insurance Division, a move viewed as a potential mistake by the City.

Due to the interest of both agencies the City changed its course of action. The office was placed under the direction of the Administrative Services Department with legal help provided by the Law Department. Also the City agreed to hire a Risk Manager, a much needed position in the City. The position was funded and advertised but as of the end of the year had not been filled. The Commission offered its services to Director, Alyson Haley in terms of investigating workers and/or any other type of investigatory help. During the year Ms. Haley referred several matters to the Commission.

There were many consultant contracts rejected by the Commission. Once again the Commission did not look favorably on new consultant contracts and disapproved increases in contracts being renewed. Because there was no movement on contracts for city employees the Commission believed strongly that no new consultant contracts be added and no increased pay be allowed.

The Commission reviewed the status of work done at Lopresti Park in East Boston due to the collapse of the seawall. The Commission directed the staff to review all year end spending by the School Department, an effort that halted last minute expenditures by hundreds of thousands of dollars. The staff was asked by the Commission to sit on a review committee for the new school bus contract. A report was given to Parks Commissioner Lawrence Dwyer concerning an employee who continually failed to show up for work.

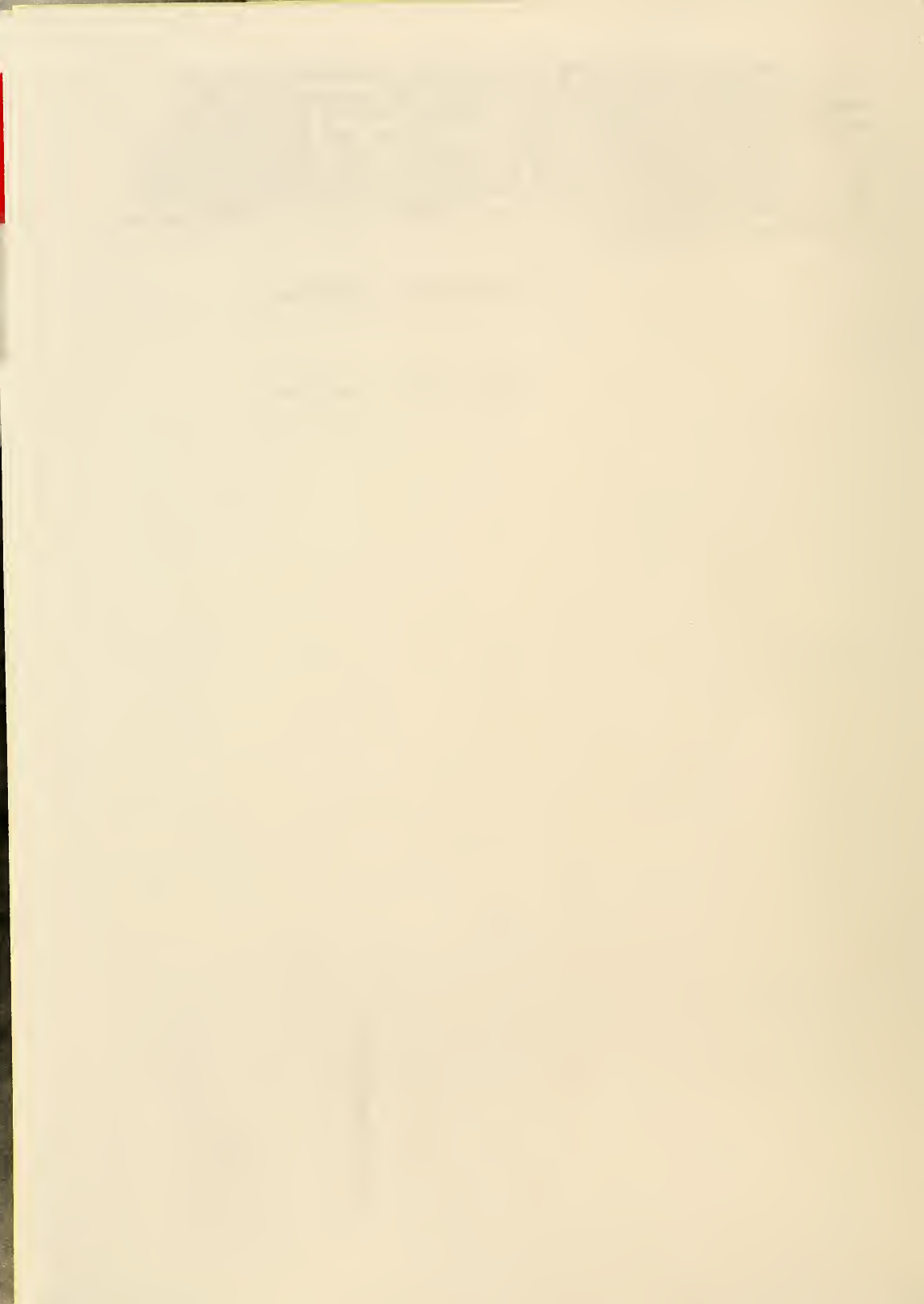
The Commission reviewed the cash management policies at the Fire Department and found them to be poor. Money was collected and not turned in to the City and checks remained around for up to four months without being deposited in City accounts. The Commission worked out a cash handling procedure for the Fire Department and set up with the City Auditor a review committee to look at cash management in all city departments.



The year was a busy one for the Commission as it is difficult to get everything done that the Commission wants completed with a limited staff. Working with a staff of but three full time employees remains a concern but the Commission was pleased with its work and the benefit that accrues to the City. The Commission remains an effective watchdog agency for the City of Boston in terms of its administration and financially the Commission saves the City more annually than is committed to the Commission's budget.

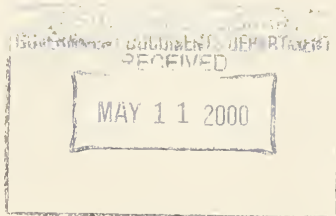
Respectfully submitted,

John L. Tobin, Chairman



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ong, Chairman
Esq.

Tyra B. Sidberry
Neal J. Curtin, Esq.
Cheryl M. Cronin, Esq.

Jeffrey W. Conley
Executive Director

January 31, 1992

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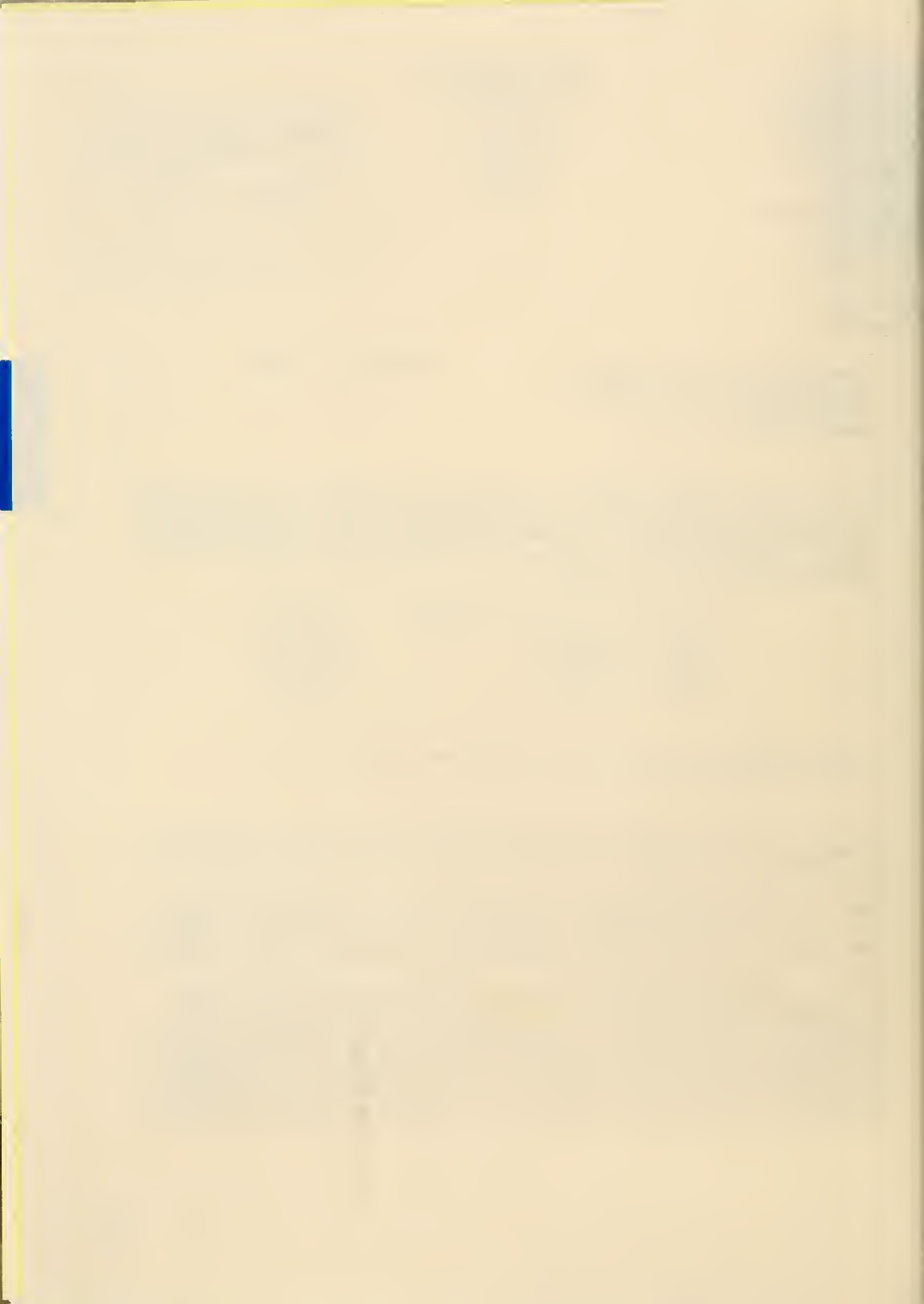
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Tyra B. Sidberry	9/19/95
Neal J. Curtin	8/9/92
Cheryl M. Cronin	7/17/93

During the year the Commission continued its longstanding practice of:

- 1) investigating and issuing reports upon matters affecting the methods of administration and finances of the City of Boston;
- 2) reviewing all contracts awarded which were not publicly advertised (over 1400 such contracts during the year);
- 3) investigating and responding to complaints from the public and providing information to the public upon request.

The staff of the Commission included three full time employees. The Fiscal Year 1991 budget of the Commission was \$147,450 and the Fiscal Year 1992 budget was \$125,100. Due to budgetary constraints, the Commission moved its offices during the year from 294 Washington St. to 152 North St. The budget impacts have limited the ability of the Commission to undertake additional work because there are no funds for additional help



of any kind. Additionally, the permanent staff did all the work of the Commission without any added compensation.

The Commission for the past several years has spent time monitoring the various revenues of the Transportation Department, particularly parking meter receipts and the income from the ticketing operation. Further, the Commission reviews the leases of the Real Property Department. All records of the Commission are made available to the public as are all matters of City business. The Commission has for many years issued only a summary report of activities due to limited staff time. It maintains a complete record of activities in its office.

The Commission issued two major reports during the year. One addressed the status of collective bargaining agreements in the City of Boston. The report summarized the status of those agreements and offered some suggestions for the collective bargaining process in difficult financial times. A second report addressed the financial management practices at the office of the Suffolk County Registrar of Deeds. The Commission thoroughly reviewed financial records and recordkeeping procedures of the office. Registrar Paul Tierney appeared before the Commission and he agreed to adopt the several recommendations made by the Commission.

The Commission began the year working to resolve the issue of what to do with several hundred invalid contracts due to the City's failure to comply with the procedures of M.G.L. Chapter 30B. Along with various city officials and the Office of the Inspector General, a process was established to legislatively validate contracts that, aside from certain technical matters, were in substantial compliance with the new law.

The Commission reviewed the lease of the Old City Hall. There is a ninety-nine year lease agreement between the Boston Redevelopment Authority and the Old City Hall Landmarks Corporation. It provides for payments based on comparable market rents in existence in the City at ten year intervals. The Commission found that the payments were less than were set forth in the lease, thus costing the City lost revenue. Due to the length of the lease, the financial loss was significant to the City because the lease runs through the year 2069. The Commission convinced the Assessing Department, the agency responsible for monitoring the lease, of the need for closer scrutiny resulting in the proper rents being paid.

Chairman John de Jong was appointed by Governor Weld on August 28, 1991 and conducted his first full meeting. He expressed interest in increasing the funding for the Commission,

wanted it to be more visible and developed the idea of a FinCom hotline.

One of the first issues addressed by Chairman de Jong was the management of the City's motor vehicle fleet. An investigation found that many city vehicles were unmarked and in several other ways not in compliance with City policy. The Commission also found that too many employees were taking cars home at night and the cars were subject to too much personal use. The City responded by properly identifying all vehicles and enforcing use regulations. The Chairman worked out an arrangement with the Registrar of Motor Vehicles whereby all city cars would be reregistered and replated. This process would also enable the department to inventory the fleet. That exercise should be completed by May, 1992.

The Commission also voted to look into the development of Sargeants Wharf. It investigated a number of questionable advertised contracts and commented on numerous contracts issued without formal public advertising. It issued a number of comments urging denial of contracts issued without public advertising.

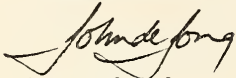
At the end of the year the Commission reviewed a couple of matters relative to the School Department. The Commission believed that the cost of insuring the bus fleet for the School Department would be less with a self insurance plan. The City's experience with the fleet justified such a plan and the Commission recommended that to the Superintendent of Schools. The Commission participated in the process of revamping school transportation for the upcoming school year. The existing contract will expire in June, 1992.

Following the receipt of complaints concerning the contracting practices of the Department of Health and Hospitals, the Commission investigated several departmental contracts. It was determined that a number of contracts violated the provisions of Chapter 30B in that work was proceeding for lengthy periods of time without contracts executed. The Commission believes this practice leads to increased costs to the City given reduction in the number of competitive bidders and increasing bid prices because of poor payment performances by the City. The Commission in cooperation with hospital officials also concluded the matter of anesthesiologists contracts with the termination of one employee.

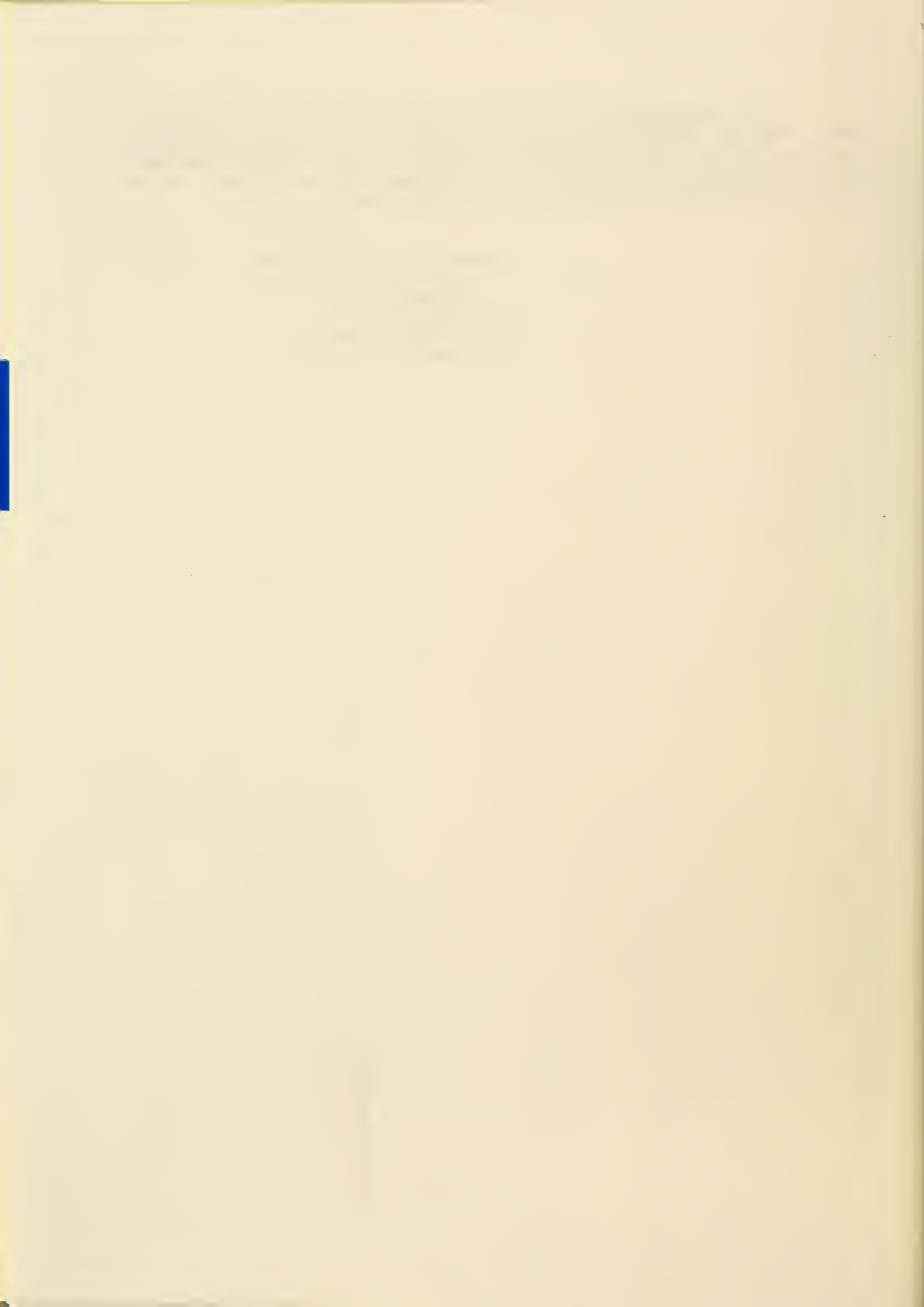
The Commission issued a strongly worded objection to the manner in which bids were developed in the award of a contract for the printing of parking tickets for the Transportation Department. The Commission cited the department for obvious restrictions to the competitive process.

The Commission continued to work on several complaints about bidding irregularities at year end including two referrals from the Office of the Inspector General, one of which involved awards of contracts to bidders other than the low bidder. This investigation will continue in the coming year.

Respectfully submitted,

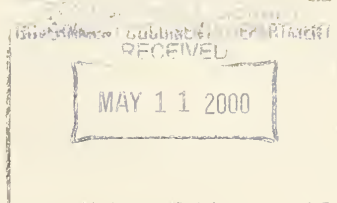
A handwritten signature in dark ink, appearing to read "John de Jong". The signature is fluid and cursive, with a long horizontal stroke extending to the left.

Dr. John de Jong
Chairman





CITY OF BOSTON
FINANCE COMMISSION
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1992
Jong, Chairman
Esq.

Cheryl M. Cronin, Esq.
Robert Franklin
Frederic W. Conley
Executive Director

14-12
January 31, 1993

The Honorable the Senate and
House of Representatives
State House
Boston, Mass. 02133

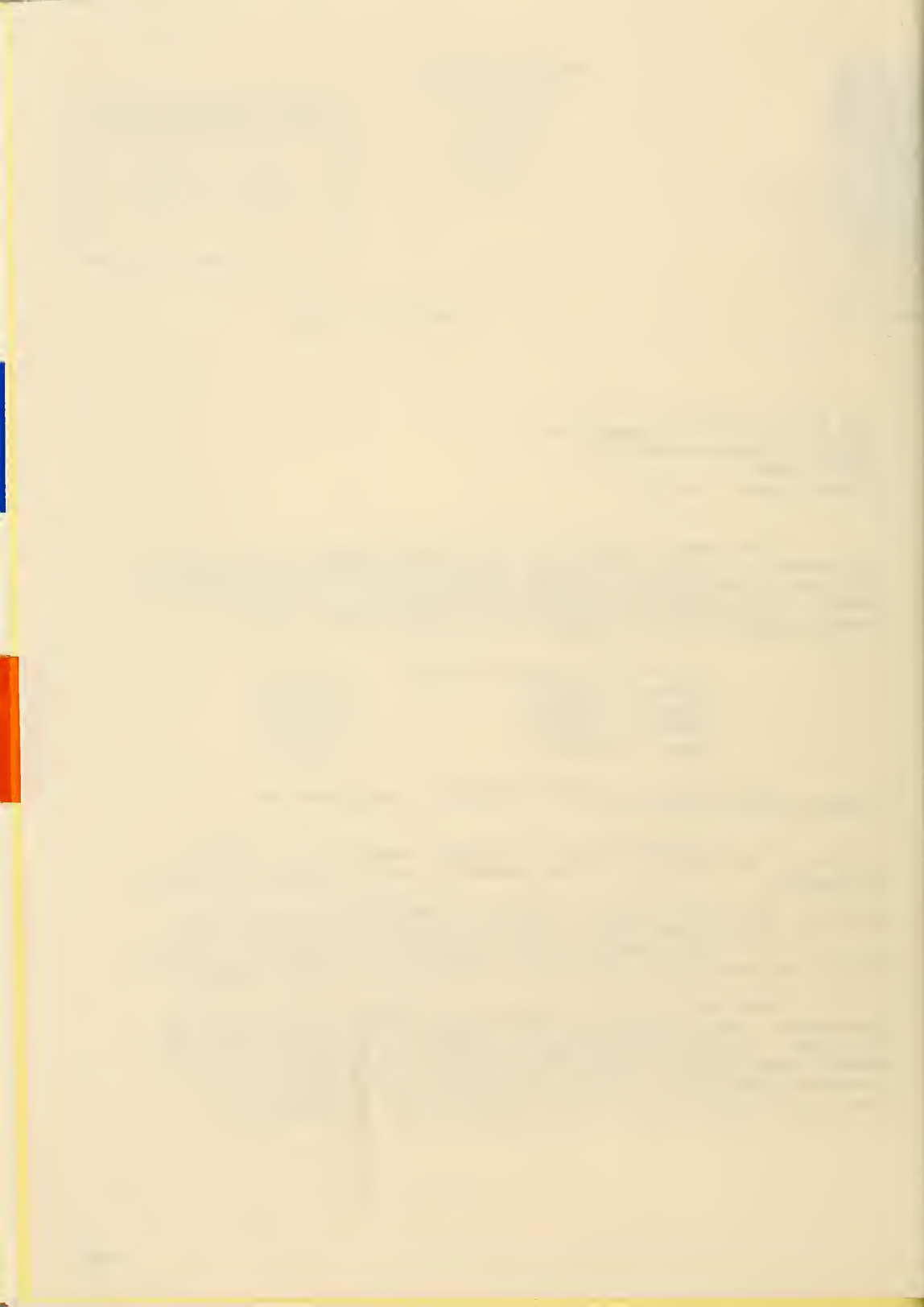
The annual report of the Finance Commission of the City of Boston is submitted to your Honorable Bodies in accordance with the provisions of Section 18 of Chapter 486 of the Acts of 1909. The membership and term expiration dates of the Commissioners is as follows:

Dr. John de Jong, Chairman	7/28/96
Dennis A. Quilty	10/19/94
Tyra B. Sidberry	9/19/95
Cheryl M. Cronin	7/17/93
Robert Franklin	8/9/97

During the year the Commission continued its longstanding practice of:

- 1) investigating and issuing reports upon matters affecting the methods of administration and finances of the City of Boston;
- 2) reviewing all contracts awarded which were not publicly advertised (over 1400 such contracts during the year);
- 3) investigating and responding to complaints from the public and providing information to the public upon request.

The staff of the Commission included three full time employees. The Fiscal Year 1993 budget of the Commission was \$125,100. The Commission has its office at 152 North St. The budget impacts have limited the ability of the Commission to undertake additional work because there are no funds for additional help of any kind. Additionally, the permanent



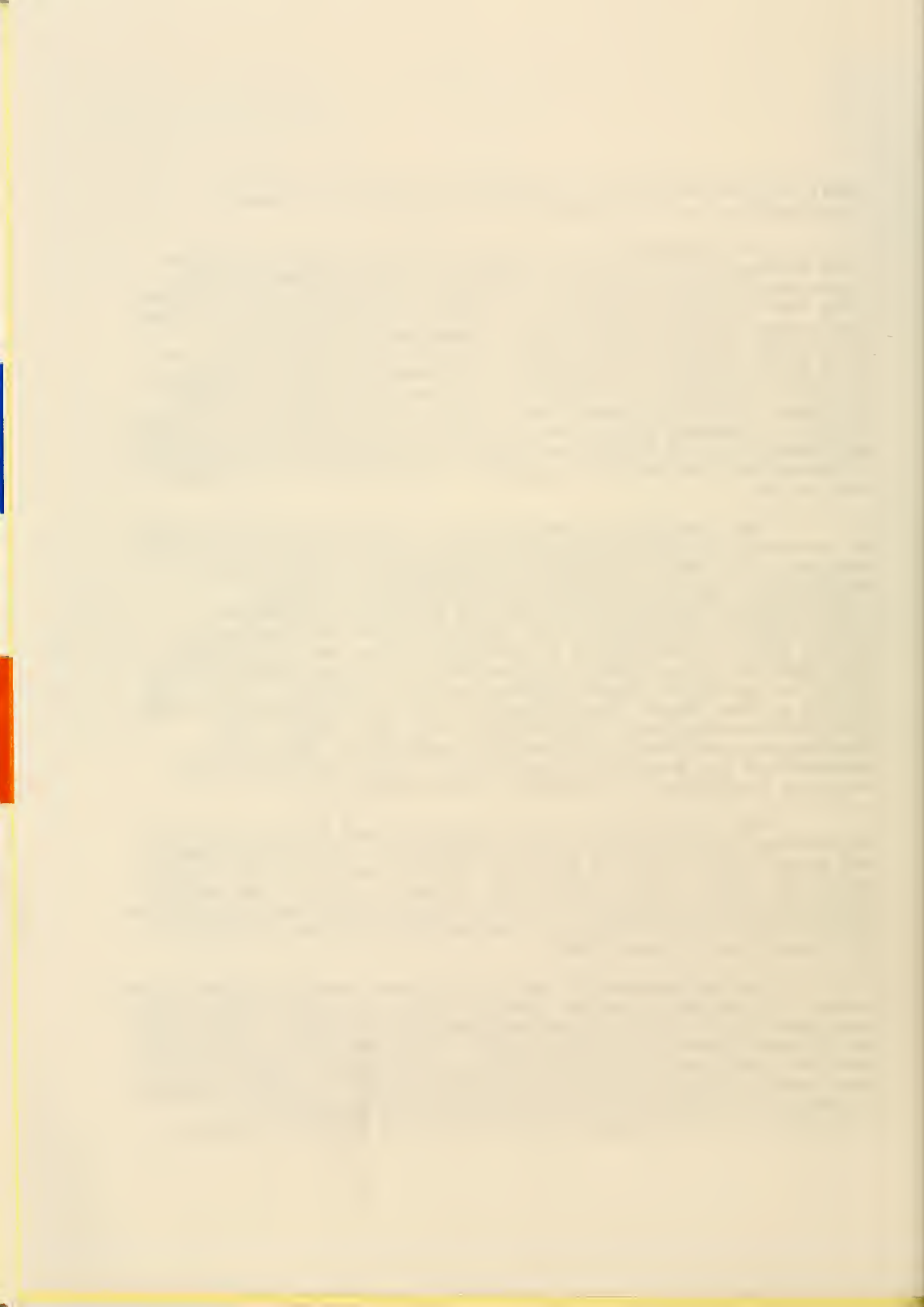
staff did the work of the Commission without any added compensation for the third year in a row.

The Commission for the past several years has spent time monitoring the various revenues of the Transportation Department, particularly parking meter receipts and the income from the ticketing operation. Further, the Commission reviews the leases of the Real Property Department, reviews all contracts awarded without formal public advertising and looks into every complaint received. All records of the Commission are made available to the public as are all matters of City business. The Commission has for many years issued this annual report in summary form. Due to limited resources the Commission has complied with its annual reporting requirement economically although all its records, reports, letters etc. are available for review.

The Commission issued several reports during the year. It reviewed the lease of the Old City Hall, and a report that resulted in a more reasonable interpretation. There is a ninety-nine year lease agreement between the Boston Redevelopment Authority and the Old City Hall Landmarks Corporation. It provides for payments based on comparable market rents in existence in the City at ten year intervals. The Commission found that the payments were less than were set forth in the lease, thus costing the City revenue. Due to the length of the lease, the financial loss was significant to the City because the lease runs through the year 2069. The Commission convinced the Assessing Department, the agency responsible for monitoring the lease, of the need for closer scrutiny resulting in the proper rents being paid.

The Old City Hall lease was reviewed by the Assessing Department at the urging of the Commission. The unique lease had terms unfavorable to the City and allowed only one review every ten years. That review was in April, 1992. The changes effected as a direct result of the Commission's analysis brought added revenue to the City. It amounted to \$50,000 annually. The lease runs through 2069.

The management of the City's motor vehicle fleet was an issue of constant attention during 1992. An investigation found that many city vehicles were unmarked and in several other ways not in compliance with City policy. The Commission also found that too many employees were taking cars home at night and the cars were subject to excessive personal use. The City responded by properly identifying all vehicles and enforcing use regulations. The Chairman worked out an arrangement with the



Registrar of Motor Vehicles whereby all city cars would be reregistered and replated. This process would also enable the Transportation Department to inventory the fleet. A complete set of new license plates was prepared by the Registry. All City places have MB as the identifying letters followed by a sequential numbering system for each department. All city vehicles will have the new plates. Once the process is completed in March 1993 the Commission will investigate the process of surplus city vehicles. The Commission has found that surplus vehicles have been disposed of in ways contrary to policy.

The Commission also reviewed a bidding irregularity for a telecommunications key system for the Boston Public Schools. The system was to be installed at the direction of the City's Management Information Department. The Commission found that the low bidder was improperly denied the contract, a decision which cost the City \$283,000. In fact, the City made the award to the fifth lowest bidder. Due to the Commission's investigation, the bid award was negated and the contract re-bid saving the City almost \$300,000.

The Commission conducted a study of financing the insurance of the City's school bus fleet. The fleet is owned by the City and managed by an outside vendor. The Commission found that the most cost effective course of action was a self insurance self retention plan. It would save the City between \$600,000 and \$800,000 less than a fixed cost policy. Unfortunately, the City's Law Department ruled that the City could not indemnify the school bus vendor resulting in the self insurance plan's termination and the retention of a fixed cost plan.

The Commission issued a comprehensive report on Boston School Bus Drivers. The issue was the financial consideration of the driver workforce becoming public employees. It was found that it would be more costly to have the drivers become public employees. During the current year the operational cost was \$27,857,000. As a city operation that cost would rise by \$1 million to \$28,864,000. Furthermore the Commission found that any potential long term savings would be negated by such a change. The Commission is a strong advocate for having the operation privatized except for routing. By doing so the City could sell the bus fleet and save additional monies.

The Commission intervened in a dispute between the Fire Department and the School Department regarding the fueling of



school buses. The School Department had ignored demands by the Fire Department to cease the practice of fueling diesel powered buses directly from a tank truck. As a result the Fire Department ordered them to stop that practice and required the buses to fuel at gas stations until adequate diesel storage could be provided. The Commission organized a meeting to reach a compromise. Fueling at gas stations would cost \$200,000 to \$300,000 more per year. Further the Commission found that other large fleet operations in the City were fueling directly and had not been subject to such scrutiny. An agreement was reached to provide for the continued fueling while above ground tanks were being installed.

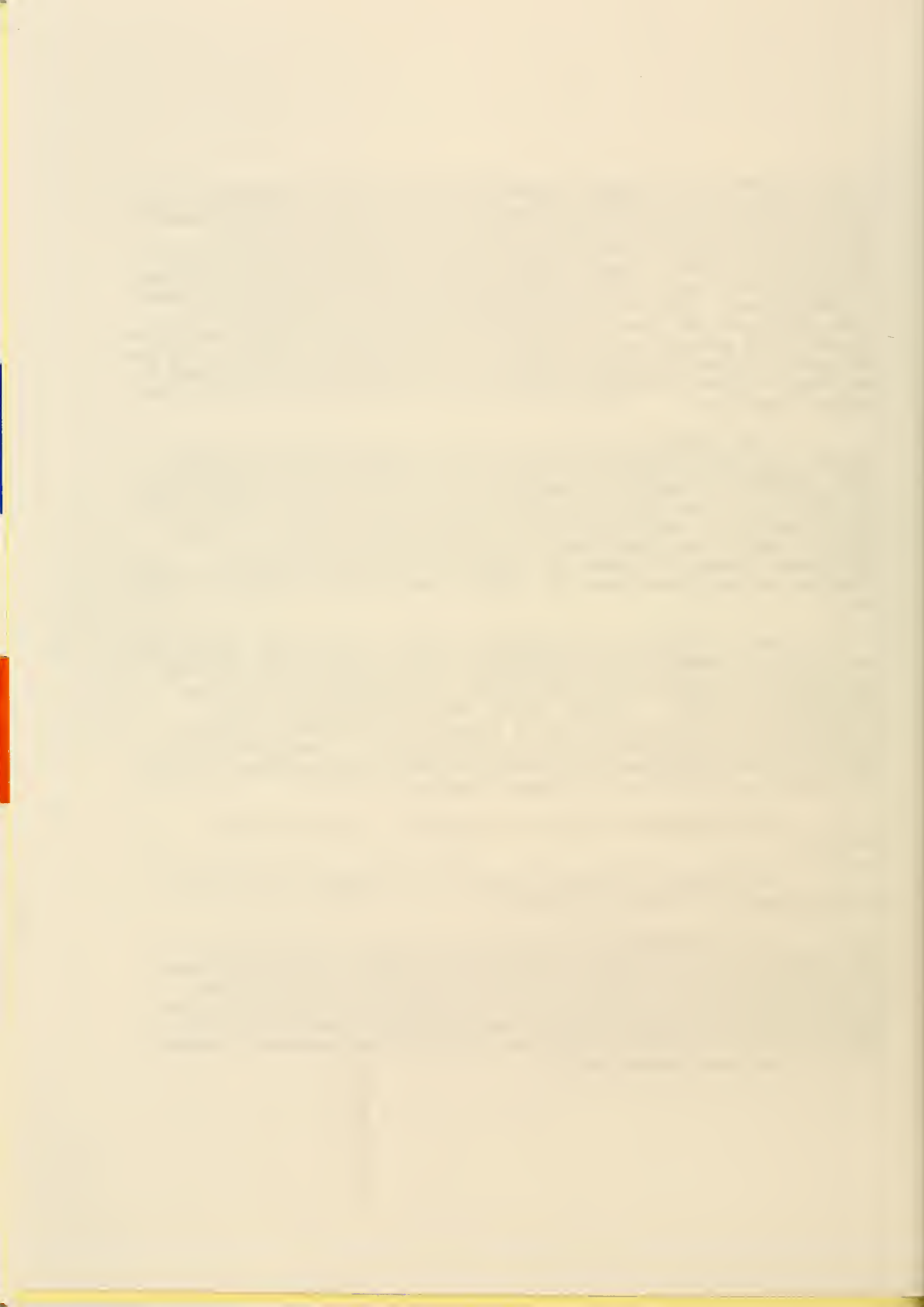
The Commission met with Police Department officials concerning administrative changes suggested by the Commission in past reports. Superintendent in Chief William Bratton provided an update and schedule of implementation that he was working on, particularly in administrative and personnel matters. Supt. Bratton asked the Commission to look into the delays in Retirement Board in terms of acting on disability pensions. The Commission initiated such an inquiry and it was ongoing at years end.

As a result of an inquiry into a contractual matter in the Election Commission Chairman de Jong offered the services of the Finance Commission in assisting that department in some contractual review. Issues to be resolved were possible violations of Chapter 30B and a financial decision on how to proceed with the annual listing of residents. The Commission resolved the 30B matter and after review voiced support for the cost savings in doing the annual listing.

The Commission was also engaged in the following matters:

An inquiry into the delays in processing retirement applications for Police Officers;

It investigated the hiring of people for summer employment who falsified residency applications for employment. Two employees were terminated following the inquiry and new policies adopted calling for strict adherence to residency for summer jobs and a policy which would provide that relatives of departmental employees could not be hired for temporary summer work in the same department;

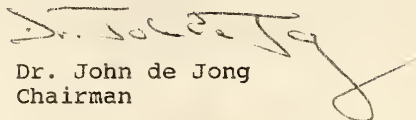


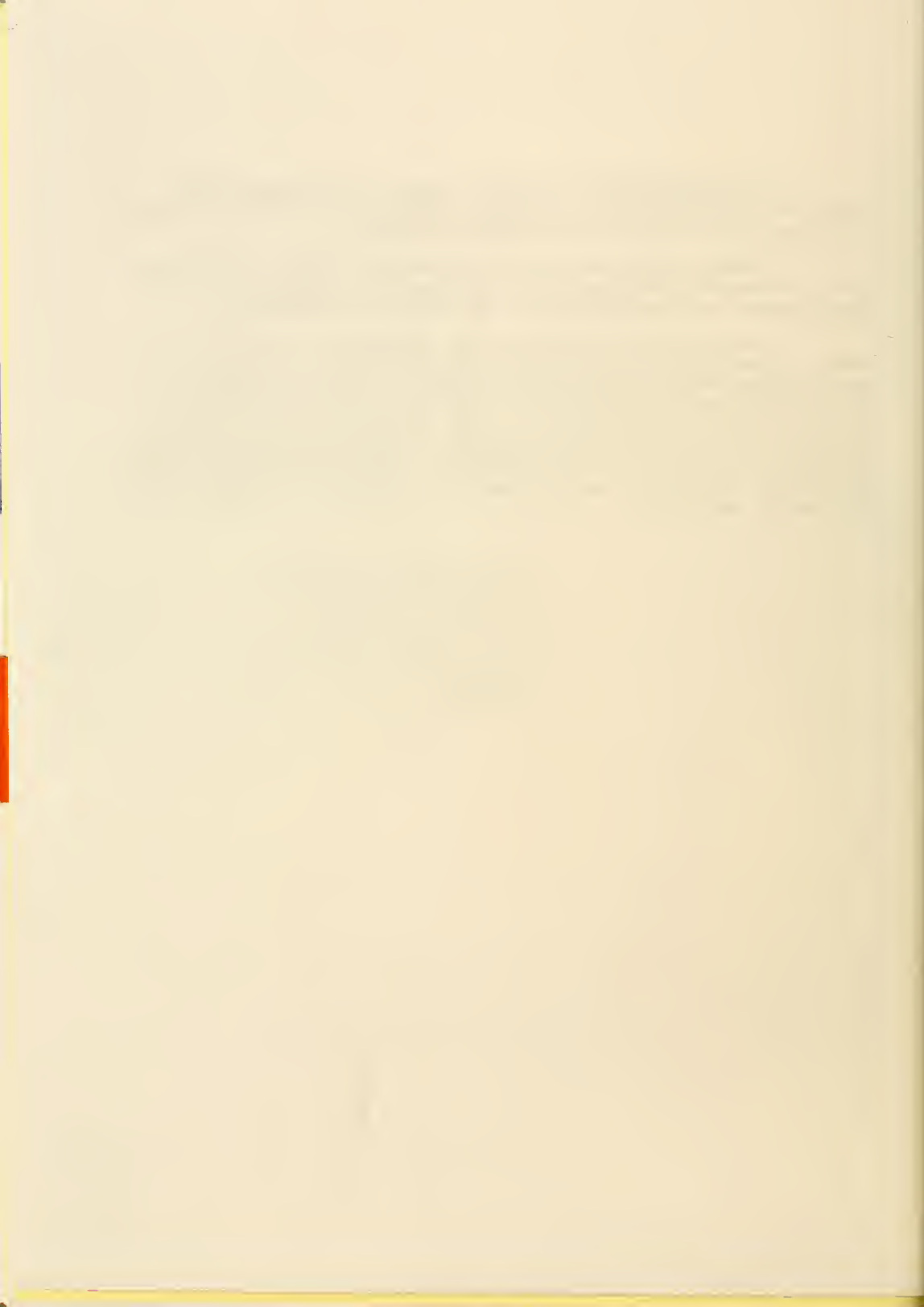
The Commission reviewed a number of bid complaints received from the public, companies doing business with the City and from the Office of the Inspector General.

Every matter that comes before the Finance Commission is reviewed and the disposition is a matter of public record. The files of the Commission are available to the public.

Over the past few years the Commission has suffered from limited fiscal resources as has the City. Its budget has been reduced thus limiting the ability of the Commission to fulfill its statutory mandate. Over the years the Commission has performed a considerable service to the City and annually its work has led to financial savings. The Commission has been reluctant to promote those savings yet believes it important at this time. The above matters led to a financial savings to the City of \$2 million.

Respectfully submitted,


Dr. John de Jong
Chairman





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152 NORTH STREET

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Robert Franklin
Karen L. MacNutt, J.D.

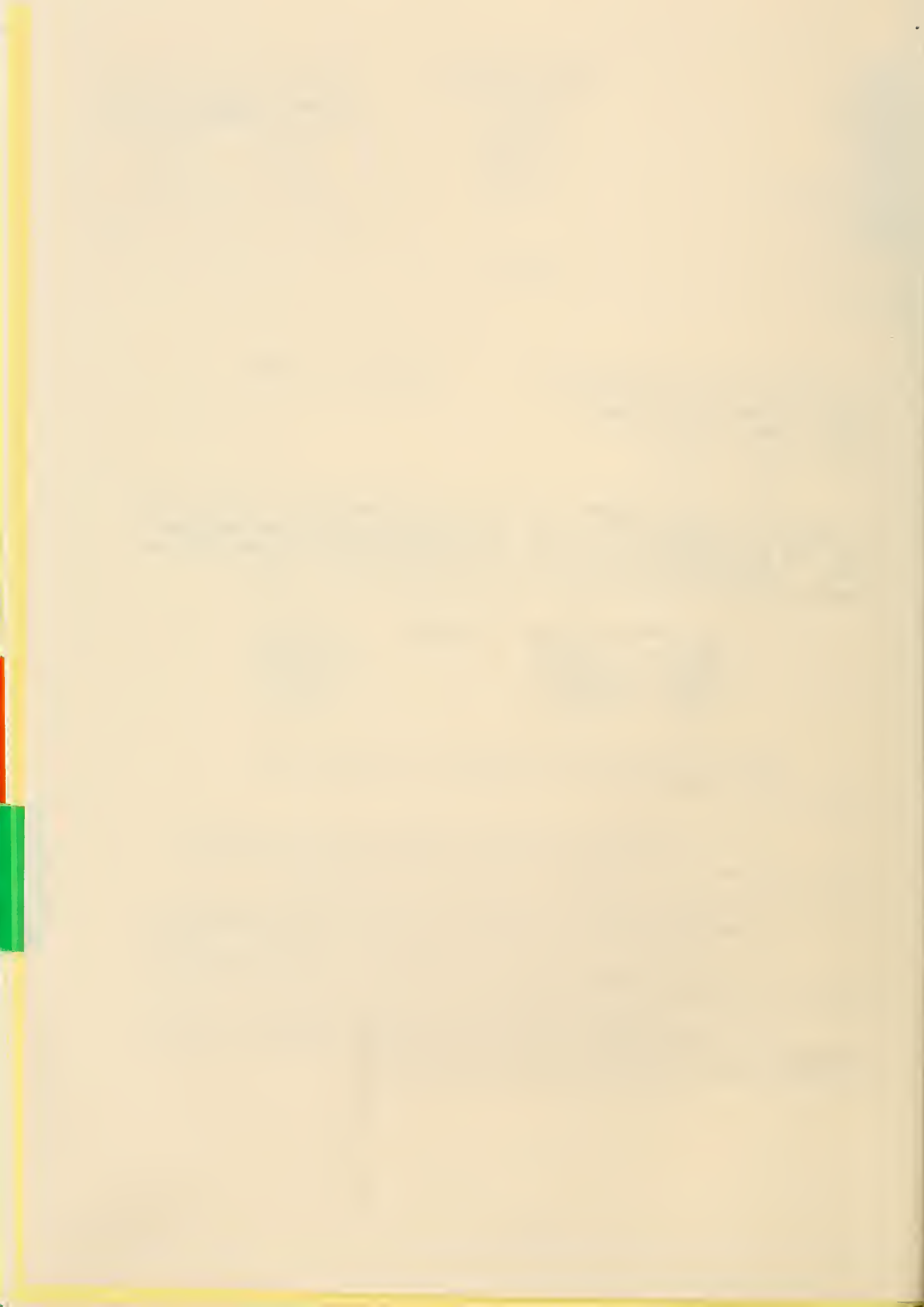
Jeffrey W. Conley
Executive Director

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The Honorable the Senate and
House of Representatives
State House
Boston, Mass. 02133

Dr. John de Jong,	Chairman	7/28/96
Dennis A. Quilty		10/19/94
Tyra B. Sidberry		9/19/95
Robert Franklin		8/9/97
Karen L. MacNutt		7/17/98

- 1) investigating matters affecting the methods of administration and finances of the City of Boston;
- 2) reviewing all contracts awarded which were not publicly advertised (over 1400 such contracts during the year);
- 3) investigating and responding to complaints from the public and providing information to the public upon request.
- 4) monitoring the various revenues of the Transportation Department, particularly parking meter receipts and the income from the ticketing operation.



The staff of the Commission included three full time employees. The Fiscal Year 1994 (July 1, 1993 to June 30, 1994) budget of the Commission was \$127,900. The Commission has its office at 152 North St.

All records of the Commission are made available to the public as are all matters of City business. Due to limited resources the Commission has complied with its annual reporting requirement economically, in summary form, although all its records, reports, letters etc. are available for review.

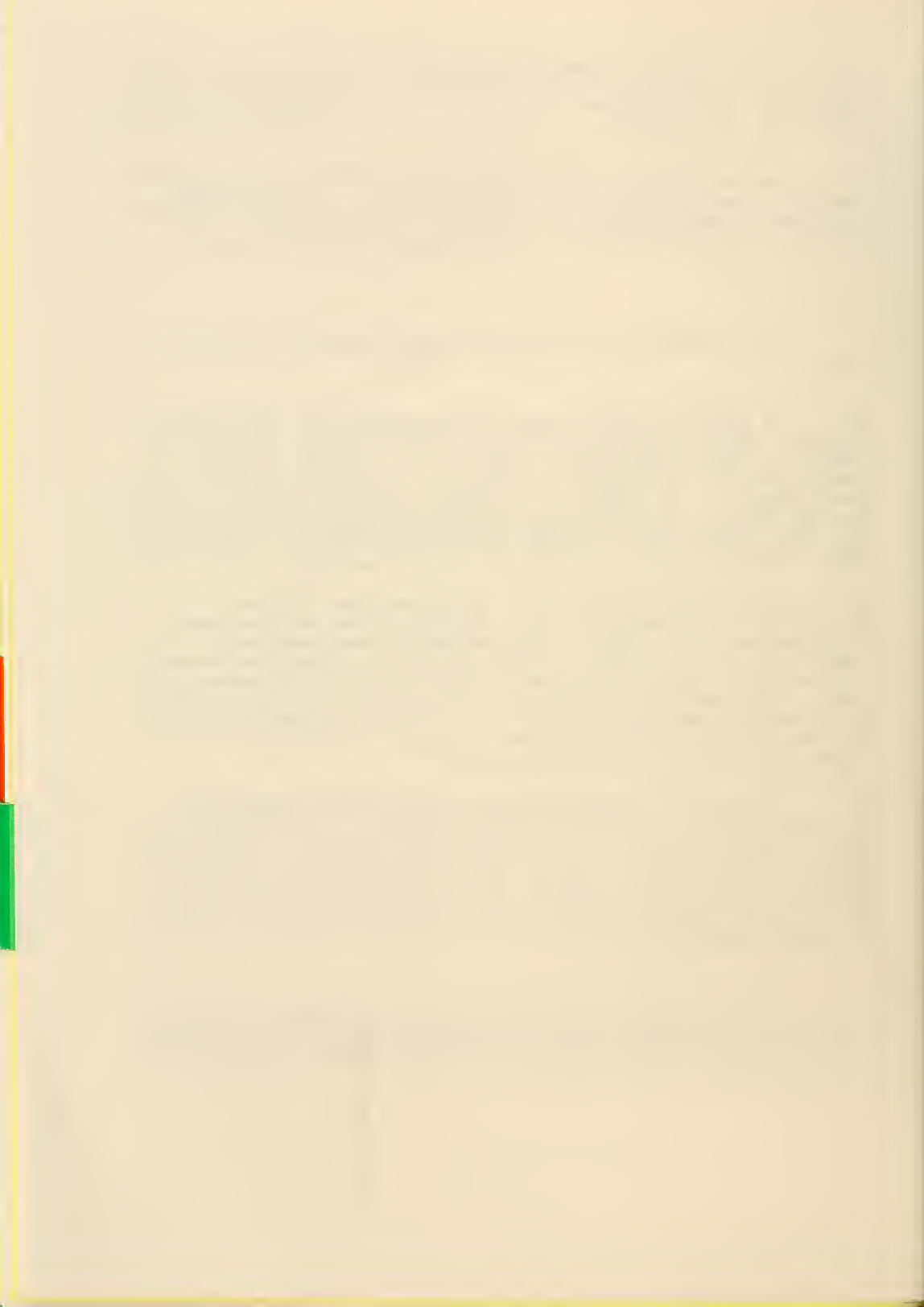
The Commission issued three major reports during the year.

1. A report titled, Boston Housing Authority Solid Waste Disposal Costs and Service, found that the Boston Housing Authority (BHA) improperly awarded a \$1.3 million contract for the collection and disposal of refuse at forty-three BHA developments. The Commission further determined that by merging the BHA refuse contracts with those of the City of Boston that the City could save a minimum of \$500,000 annually. The entire cost of the service is currently paid by the City.

The Commission's staff visited most of the BHA developments and found that the quality of the service being provided was poor. Many of the dumpsters were routinely overflowing with refuse. The BHA was doing a poor job managing the contract and residents were complaining of the presence of rats. The Commission concluded that the contract award should be voided and merged with that of the City. However, the City did not agree but instead agreed to merge the two contracts commencing with the 1995 fiscal year.

2. A report on Tax Foreclosure and Property Disposition completed a major inquiry for the Commission. The Commission found that existing policy on both foreclosure and disposition was in need of reform. The foreclosure process was lengthy and property was not being sold by the city following foreclosure. Thus the inventory of property had increased dramatically and the city had many residential and commercial tenants for which it became espensible.

Due to budget restrictions and a management system not designed to effectively manage occupied properties the city was a poor landlord. The staff visited close to one-hundred city



owned residential and commercial properties including every property which had a residential tenant. It worked with the Real Property and Public Facilities Departments to insure that basic code requirements were met. On several occasions work was done on property due to the diligence of the Commission including building second means of egress, providing heat and the demolition of unsafe buildings.

The Commission recommended a restructuring of the two agencies charged with disposing of property, the Real Property Department (RPD) and the Public Facilities Department (PFD). Further the Commission sought to have auctions reinstated for properties of value and a more aggressive disposition procedure. The Commission also sought to have occupied buildings visited and brought up to acceptable living standards.

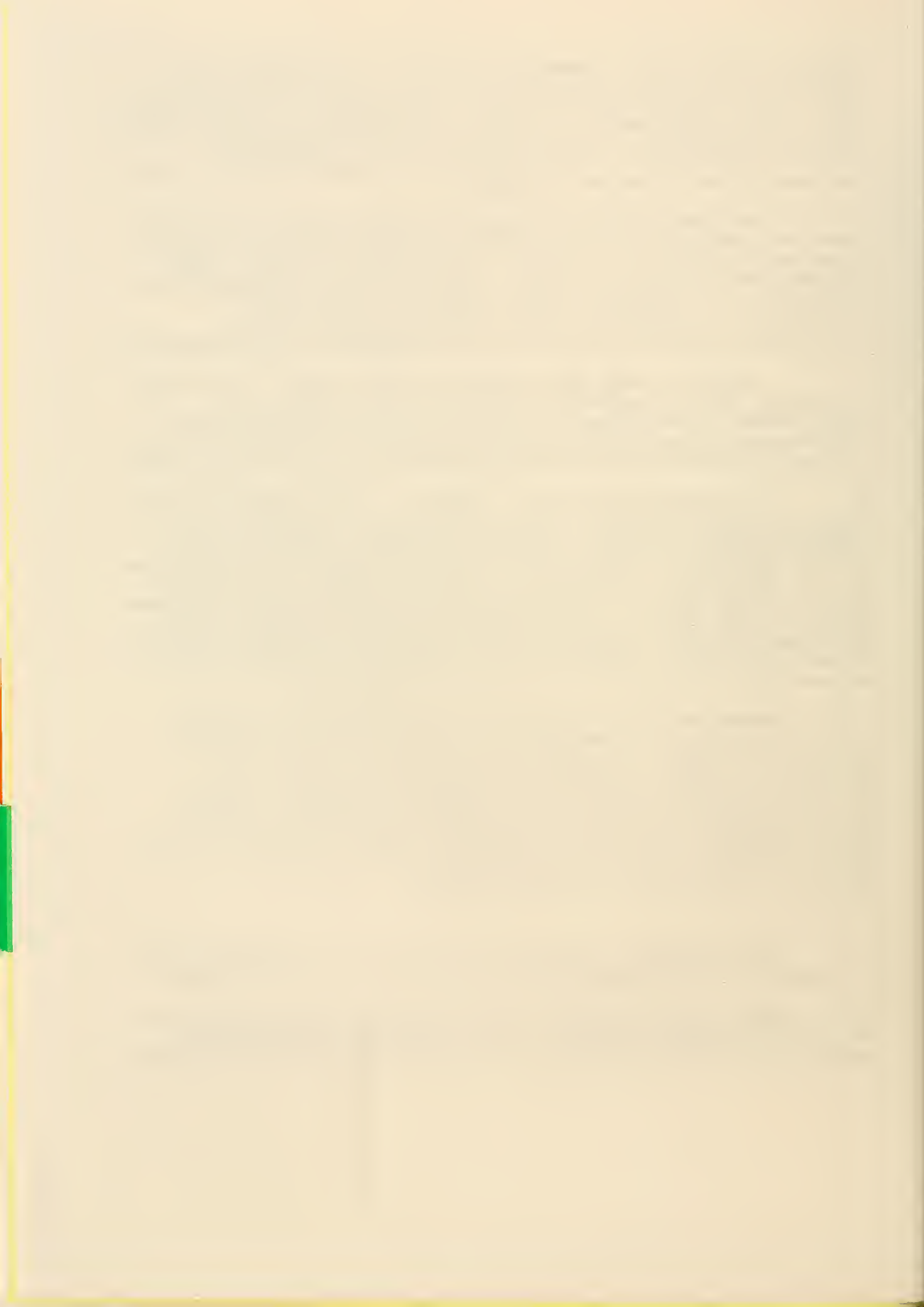
The City made some changes in the process. PFD began to market and sell property that had value. The Mayor established a task force to look into the ways that property maintenance and management could be improved. The final report of that task force had not been released by the end of the year.

3. The Commission issued a report, A Tax Amnesty Program for the City of Boston. The recommendation to adopt a tax amnesty program was made after the Commission found that the City of Boston had approximately 10,000 properties in some form of tax delinquency. There was no plan to reduce the backlog. The unmanaged problem over the years had led to more properties being in some form of delinquency and it was contributing to numerous problems. Taxpayers were finding themselves in arrears in part because the city was slow in processing delinquent parcels for collection and ultimately foreclosure.

Based on the analysis done concerning the proposed amnesty program, the Commission's report identified that the City would collect a minimum of \$15 million through the program. It would be followed up with an aggressive plan to collect taxes and eliminate the remaining backlog of cases. The Department of Revenue was receptive to the idea of an amnesty program and created a working group, including a staff member from the Commission, to allow cities and towns to consider a property tax amnesty program.

The Commission worked on two municipal issues which did not result in full reports yet impacted the effected matters.

The Commission reviewed the leases for the operation of the City's two golf courses. The courses were generating in excess of \$2 million annually in gross revenues but the city was



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not sharing in those revenues. Over a several month period the lease terms were changed to be more favorable to the city. The Commission voted a formal financial review which was ongoing at the end of the year.

During the year the staff continued to work on the Transportation Task Force of School Superintendent Lois Harrison-Jones. The delivery of transportation services has been excellent over the past year yet the cost high. The direction to be taken will ultimately be the privatization of the fleet operation. The staff was involved in a number of matters relative to school bus transportation. It served a major role in reaching a new agreement on insuring the bus fleet. The staff also worked with the School Department in fighting a Superior Court order which would require all school bus drivers to become public employees by June 30, 1994. The Commission released a report on that issue and found that such a step would be more costly. The Commission staff met with Special Education parents regarding the matter of the school bus drivers being public employees and the delivery of special needs transportation.

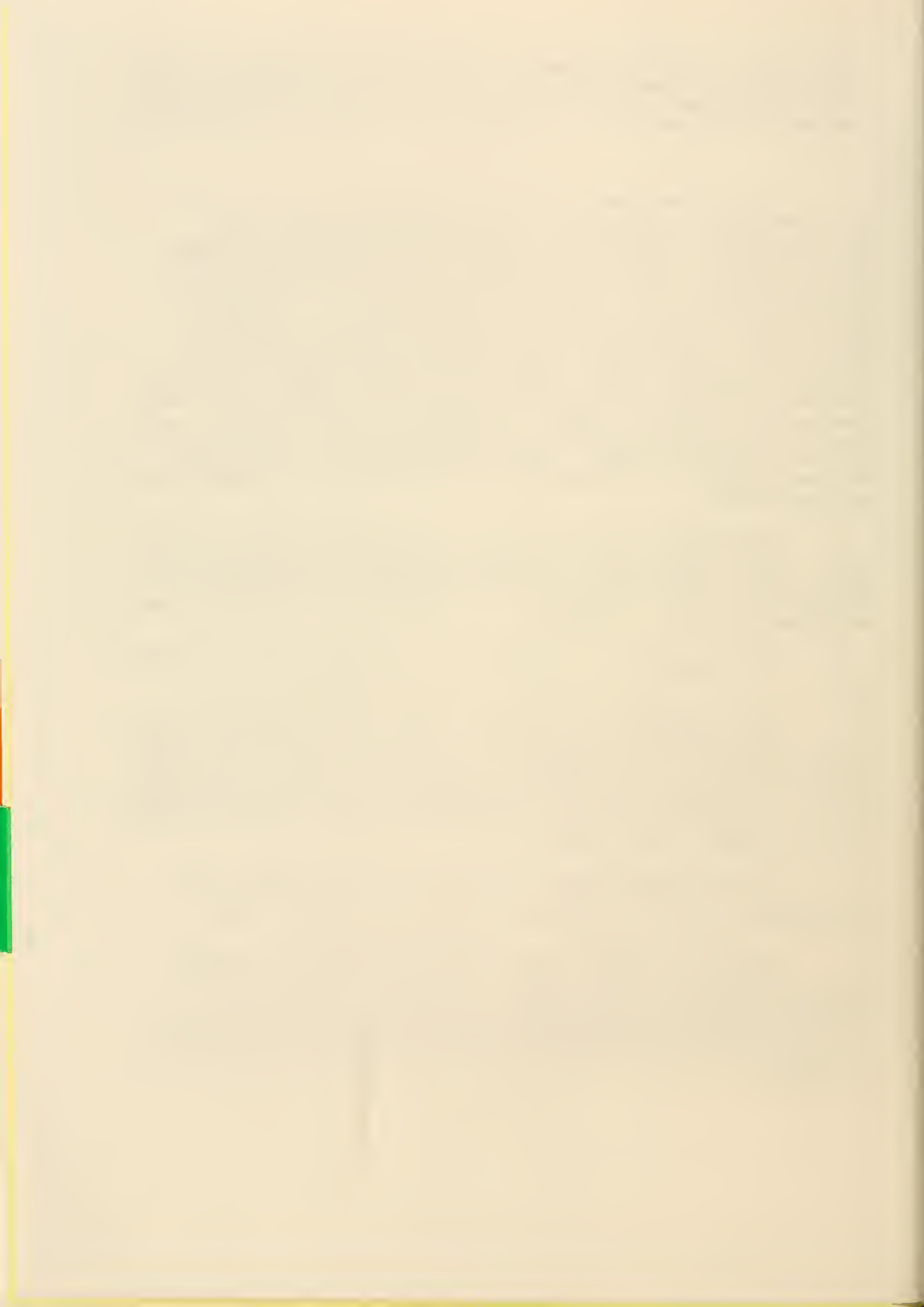
The City of Boston municipal fleet was inventoried and new license plates were issued over the first few months of the year. The staff worked with the Transportation Department on this project. The initiative of the Commission resulted in more efficient inventory records.

The Commission investigated complaints about the failure of private contractors to clean neighborhood parking lots.

The Commission reviewed the administrative failures of the Police Department regarding the billing process for its Paid Detail Section. The Commission found that a private party had sought Police and Fire Department paid detail work in excess of \$55,000 yet had not paid for the services. Upon the involvement of the Commission the Police Department issued more timely bills for the payment of paid details.

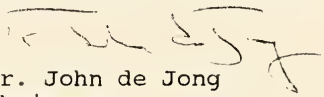
The Commission began an analysis of four large union contracts; the Boston Police Patrolmen's Association, the Firefighters Union, the Boston Teachers Union and ASFCME.

Two major reports began towards the end of the year. One was an analysis of the staffing at the Police Department along with ideas to better meet the staffing needs of a community policing initiative. A second was an analysis of the staffing levels of the Fire Department including a review of firefighters performing work that could be performed by civilian employees.



The staff of the Commission reviewed hundreds of city contracts that were awarded without public bidding. It was also consulted routinely by the Public Works Department and Transportaion Department regarding contracting procedures for work of an emergency nature.

Respectfully submitted,



Dr. John de Jong
Chairman





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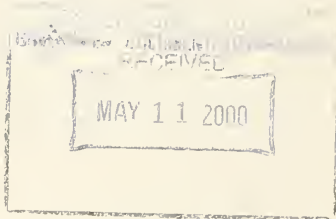
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John de Jong, Chairman
Esq.

Karen L. MacNutt, J.D.

Jeffrey W. Conley
Executive Director

January 31, 1995

The Honorable the Senate and
House of Representatives
State House
Boston, Mass. 02133

The annual report of the Finance Commission of the City of Boston is submitted to your Honorable Bodies in accordance with the provisions of Section 18 of Chapter 486 of the Acts of 1909. The membership and term expiration dates of the Commissioners are as follows:

	<u>Appointed</u>	<u>Expiration Date</u>
Dr. John de Jong, Chairman	8/5/91	7/28/96
Dennis A. Quilty	2/9/90	10/9/94
Tyra B. Sidberry	12/19/90	9/18/95
Robert Franklin	11/13/92 resigned	12/8/94
Karen L. MacNutt	12/15/93	7/17/98

During the year the Commission continued its longstanding practice of:

- 1) investigating matters affecting the methods of administration and finances of the City of Boston;
- 2) reviewing all contracts awarded which were not publicly advertised (over 1400 contracts during FY '94);
- 3) investigating and responding to complaints from the public and providing information to the public upon request;



4) monitoring the various revenues of the Transportation Department, particularly parking meter receipts and the income from the ticketing operation;

5) Consulting with City Departments regarding contract and/or management issues.

The staff of the Commission included three full time employees. The Fiscal Year 1995 (July 1, 1994 to June 30, 1995) budget of the Commission is \$140,700. The Commission office is located at 152 North Street.

All records of the Commission are made available to the public as are all matters of City business. Due to limited resources the Commission has complied with its annual reporting requirement economically, in summary form, although all its records, reports, letters etc. are available for review.

The Commission issued three major reports during the year.

Contract Negotiations with the BPPA Provide the City with an Opportunity Towards Fulfilling the Objective of Community Policing was issued on February 28, 1994. The Boston Police Patrolmen's Association had been without a contract since June 30, 1990. Negotiations were stalled due to the fact that the city was financially unable to fund the type of salary increase sought by the union. The Commission recommended that a five day work week be negotiated into the new contract. It would result in officers working 17 added days annually. There would be 424 additional shifts being filled each week or an extra 60 officers on the street daily.

The Commission believed that a five day week would enhance the city's ability to implement its community policing goals. Without hiring any added officers, more resources would be available and in return the City could realistically pay higher wages in the BPPA contract.

The Commission recommended tighter contract language for overtime shifts and paid detail assignments. It further suggested that all officers work in a public safety capacity. The report also urged that stipend payments reflect the actual jobs being performed.

2)



Community Policing has been discussed for years without definition of specific staffing requirements. The Commission asked Police Commissioner Paul Evans to identify the staffing requirements. Subsequent to that, the Commission identified areas within the department where personnel resources could be found to help staff any plan.

It has been generally assumed that approximately 2,300 police officers would be needed to fully implement a community policing program. There are about 1,900 officers on the payroll. The Finance Commission's analysis concluded that along with hiring added personnel that the above steps be taken to more fully utilize existing resources.

The Finance Commission issued, An Analysis of the Boston Fire Department on July 28, 1994. The Commission spent several months conducting a thorough review of the operation of the Boston Fire Department (BFD).

The Commission issued nine recommendations:

- 1) Use a planned consultant study to identify the need of every job in the BFD;
- 2) Reorganize the Maintenance Division into a civilian operation;
- 3) Remove top management people from the union to provide some degree of distance between management and union;
- 4) Install light duty language in the union contract;
- 5) Consider eliminating or at least reducing the number of fire alarm boxes in the City;
- 6) Renew a commitment to fire prevention where personnel have been reassigned to staff engine and ladder companies;
- 7) Review the benefits of employees in the alarm and construction division who should not be paid the same as firefighters;
- 8) Tighten up personnel management controls, particularly employees out sick and injured who should be back to work;
- 9) Investigate other areas where resources could be utilized such as emergency medical services and managing the operation of the Chelsea Fire Department.



During the review of the BFD one important fact was evident, there is quality and commitment within the firefighting force. Boston has an excellent Fire Department. At the same time it is apparent that the nature of the job is changing. There are fewer working fires, fifty percent fewer than just ten years ago. The BFD has to begin to change with such a clear and obvious trend.

The Commission issued a report on Boston's Emergency Medical Services on December 20, 1994. The report was a comprehensive analysis of the finances of EMS and management of the EMS operation. The delivery of services at incidents responded to by EMS paramedics and EMTs was outstanding. However, the Commission found that through better management, improved communications and realistic agreements with MassPort and Boston area hospitals that service could be enhanced, particularly response time.

The Commission concluded from its review of the BFD and EMS that EMS is better suited to manage and deliver emergency medical service. Firefighters are not sufficiently trained to answer 911 calls for medical calls.

The Commission made the following findings in its EMS report:

- 1) The delivery of service is excellent;
- 2) Through better collections, the \$13.6 million operating budget could be financially self supporting;
- 3) The city should pursue financial assistance from MassPort. Currently there is none which results in diminished services to the residents of East Boston;
- 4) The major Boston hospitals which are all tax exempt, should pay the City for the financial benefit they receive through patient transports from EMS;
- 5) Management shortcomings at EMS would improve the delivery of services;
- 6) Response time could be improved through changes in the communications center;
- 7) There should be no merge of EMS service with the BFD.



The Commission works on a variety of matters that do not result in formal reports yet impact municipal finance and methods of administration.

During the year the staff continued to work on the Transportation Task Force of School Superintendent Lois Harrison-Jones. The delivery of transportation services has been excellent over the past year yet the cost high. The Finance Commission recommended privatization of the fleet operation. The staff served a major role in reaching a new agreement on insuring the bus fleet. The staff reviewed operational issues as part of the overall review and promoted changes that would reduce transportation costs.

The Commission followed up on its 1993 report urging the City of Boston to adopt a tax amnesty program. The staff met with officials of the State Department of Revenue and other municipal officials in an attempt to create this opportunity for the City of Boston. The delay in Boston's efforts to collect property taxes and the resultant foreclosure issues have adversely impacted the City. The Commission promoted amnesty as a one time option which would generate \$15 million in tax revenue, not new money, but it would improve the city's free cash position. Further the amnesty plan would reduce the number of tax delinquent properties thus creating time frames in which past and present problems could be solved.

The Office of Code Enforcement is adjacent to the Finance Commission at 152 North St. The former Director of Code Enforcement was elected to a seat on the Boston City Council leaving the office without management for several months. The Commission expressed concerns about that to Mayor Menino in writing and asked that he appoint a Director. After additional delays without resolution, the Commission's Executive Director, with the approval of the Mayor's Office, began to manage the Office of Code Enforcement. The arrangement continued for three to four weeks until a new Director of Code Enforcement was named.

The Commission had investigated the use of the Boston Common by Winter Wonderland during the previous Christmas period. The organizers failed to pay over \$50,000 in paid detail expenses to the Fire and Police Departments. Efforts had been initiated by the vendor to seek authorization to waive those fees. The Commission expressed concern that no fees be waived and that no discussion be held over any future use of the Common until payment had been received. Police and Fire



personnel were paid for their details in accordance with their respective contracts, thus a waiver of the charges would result in the cost being assumed by the taxpayers.

The Commission met with Mayor Thomas Menino to discuss city business and the relationship between the Mayor and the Finance Commission. Many matters were discussed and the Commission agreed to keep the Mayor's Office abreast of Commission inquiries when appropriate and apprise him of matters that will result in formal reports. One specific financial topic was the surplus property disposition fund. The BFPA has sought to have its contract funded with those monies, a practice opposed by the Mayor and the Finance Commission.

Along with budget submissions, the Office of Management and Budget asked departments to submit cost savings ideas. The Commission referred three ideas:

1. Merge the refuse collection and disposal contracts of the Boston Housing Authority with those of Public Works. The city pays the entire cost of both and a single contract would save the city \$500,000. The idea was put in place for the 1995 fiscal year.
2. The Commission persisted in its efforts to have the City sell city owned property expeditiously. The Commission met on numerous occasions with city officials and with BRA Director, Marisa Lago. Finally, in November, 1994 a policy initiative was issued essentially adopting all of the Commission's recommendations including reinstating auctions.
3. The third recommendation was the implementation of a tax amnesty program for the City. It would accelerate the collection of back taxes, reduce the backlog of tax delinquent property and enhance the City's free cash position. The recommendation was not implemented.

The Commission wrote to Mayor Thomas Menino concerning the costly clean-up of the site at 22 Beechwood St., Dorchester. The property was foreclosed on in 1988. Based on the Commission's review of the files and the site it was apparent that Real Property Department agents falsified monthly inspection reports for the former warehouse for several years. Once it became a potential disposition site resulting in site visits, hazardous materials were found inside. The clean-up cost the City over \$600,000 and created an unsafe situation for the adjacent Holland School. All of this could have been avoided if the City was administratively organized to manage its building inventory.



The Commission reviewed an unadvertised proposed contract with Bruce Campbell and Assoc. to provide engineering services for the reconstruction of Commonwealth Ave. from Kenmore Square to Lake Street. The amount of the contract was to be \$662,191. The original design work was done ten years ago by another company. The argument to contract with the proposed vendor was based on the fact that the staff of the previous vendor who worked on the specifications were now employed by Campbell. Plans were reviewed and site visits were made. Due to the fact that state funds were to be available and that another company would require a long learning curve on plan revisions, the Commission found the this award was in the best interest of the City of Boston.

The Commission omitted several personnel matters it found troublesome in the July report issued on the Boston Fire Department. The internal management of the sick and injured payroll was found by the Commission to be lacking. The Commission learned of one case of someone who had been out sick for months yet had remained on his regular payroll. He was also found to be working another job. It was brought to the attention of Fire Commissioner Martin Pierce and resolved.

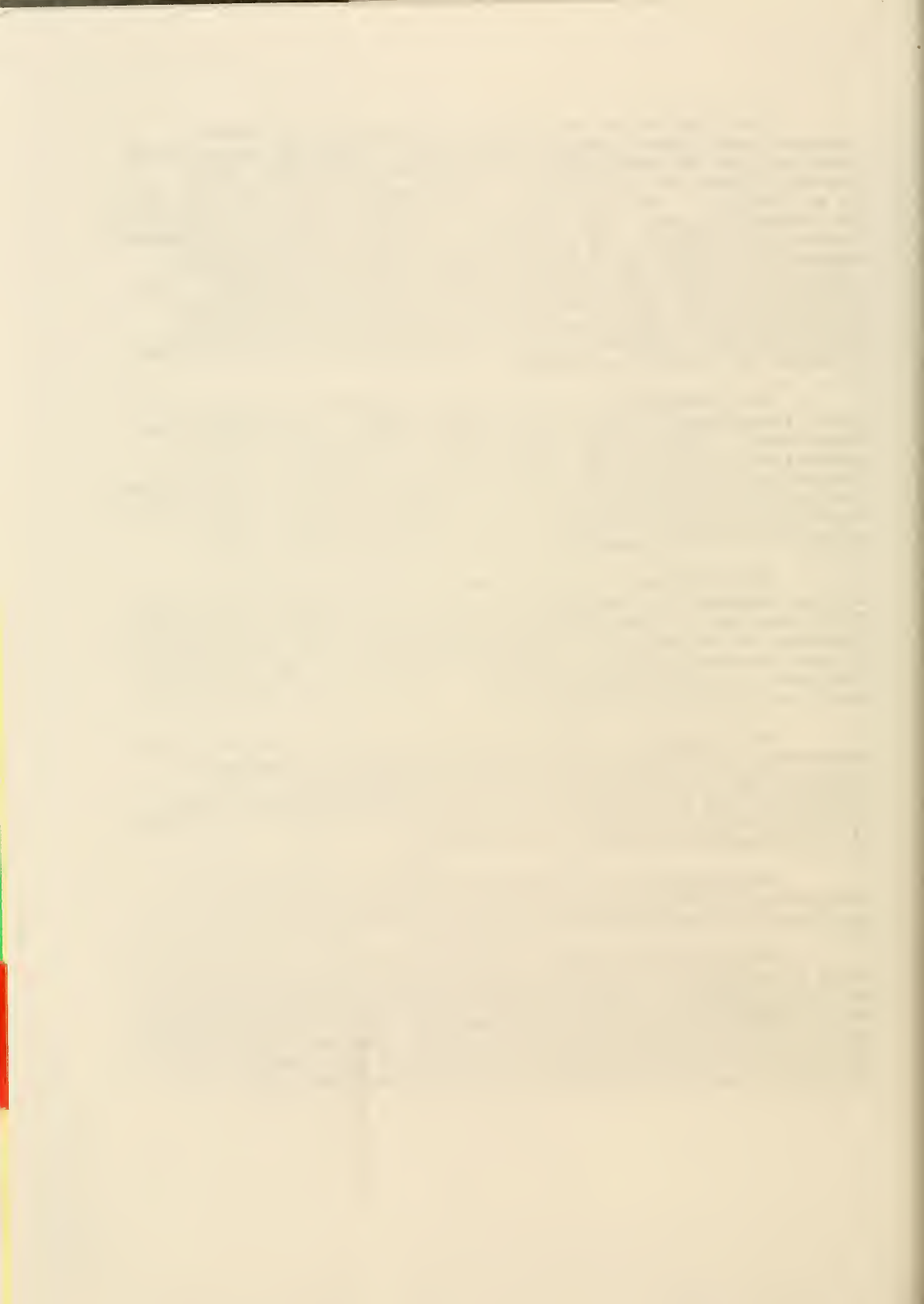
The Commission reviewed an RFP issued by the City seeking managment consultant services for a study of the Boston Fire Department. The Commission expressed concern over vague language in the RFP. The Commission also offered its assistance to the successful bidder. Once the RFP process was completed the staff of the Commission became involved in an advisory way with the City and its consultant.

The Commission sought clarification from the Personnel Department on the merits of allowing disability insurance carriers time on city property to solicit clients. The Commission had no opposition to having employees obtain such insurance but did object to it being solicited with the approval of the Personnel Division on city time.

The Commission reviewed the outside legal consultant contracts of the Boston Redevelopment Authority. At the conclusion of the review the Commission found nothing improper.

The Commission voted to review the work of the Office of Labor Relations. It analyzed many of the employee contracts and met with appropriate city officials. The administration of Mayor Thomas Menino had settled many of the contracts and those pending were in active negotiation. The Commission offered its input into the negotiations with the union representing EMTs and Paramedics due to its familiarity with those employees.

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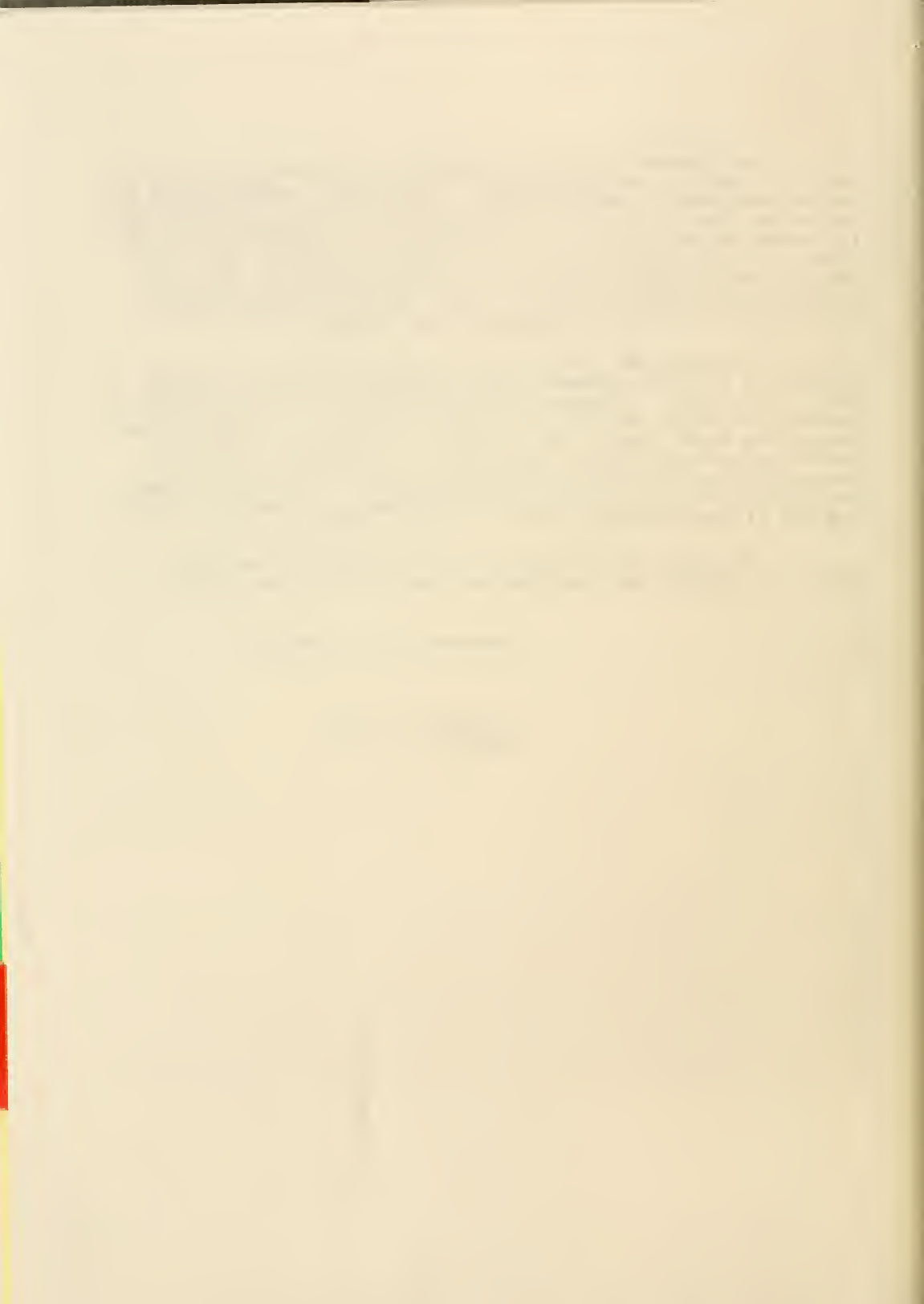
The Commission sought cooperation from the City in its use of a training and professional development contract with the Boston Management Consortium(BMC). The cost under the contract was to be \$546 per day for trainers plus 35% overhead for a not to exceed amount of \$210,000. The Commission found that to be high. It also questioned the use of this contract. The city has its own training component and some departments expressed concern over the performance of BMC. The City agreed that it would monitor the use and costs of the contract.

Two years ago the Commission had worked with the City to tighten up fleet management, fleet inventory and the personal use of city cars. It sought and received authorization from the Registry of Motor Vehicles to issue a new set of license plates. Over a few month period the Commission noticed an excessive amount of personal use of city cars. It reported that to the Transportation Department and Mayor Menino. As a result a new policy initiative was drafted, the Commission's input was sought and the tighter managment of city vehicles should result.

The year was productive for the Finance Commission. A number of matters were pending and continuing at year's end.

Respectfully submitted,

Dr. John de Jong
Chairman





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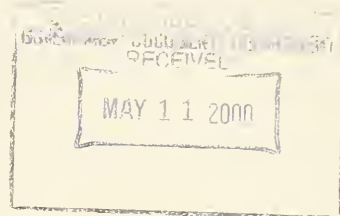
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CITY OF BOSTON
FINANCE COMMISSION
152 NORTH STREET
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January 31, 1997

1996

Annual Report



January 31, 1997

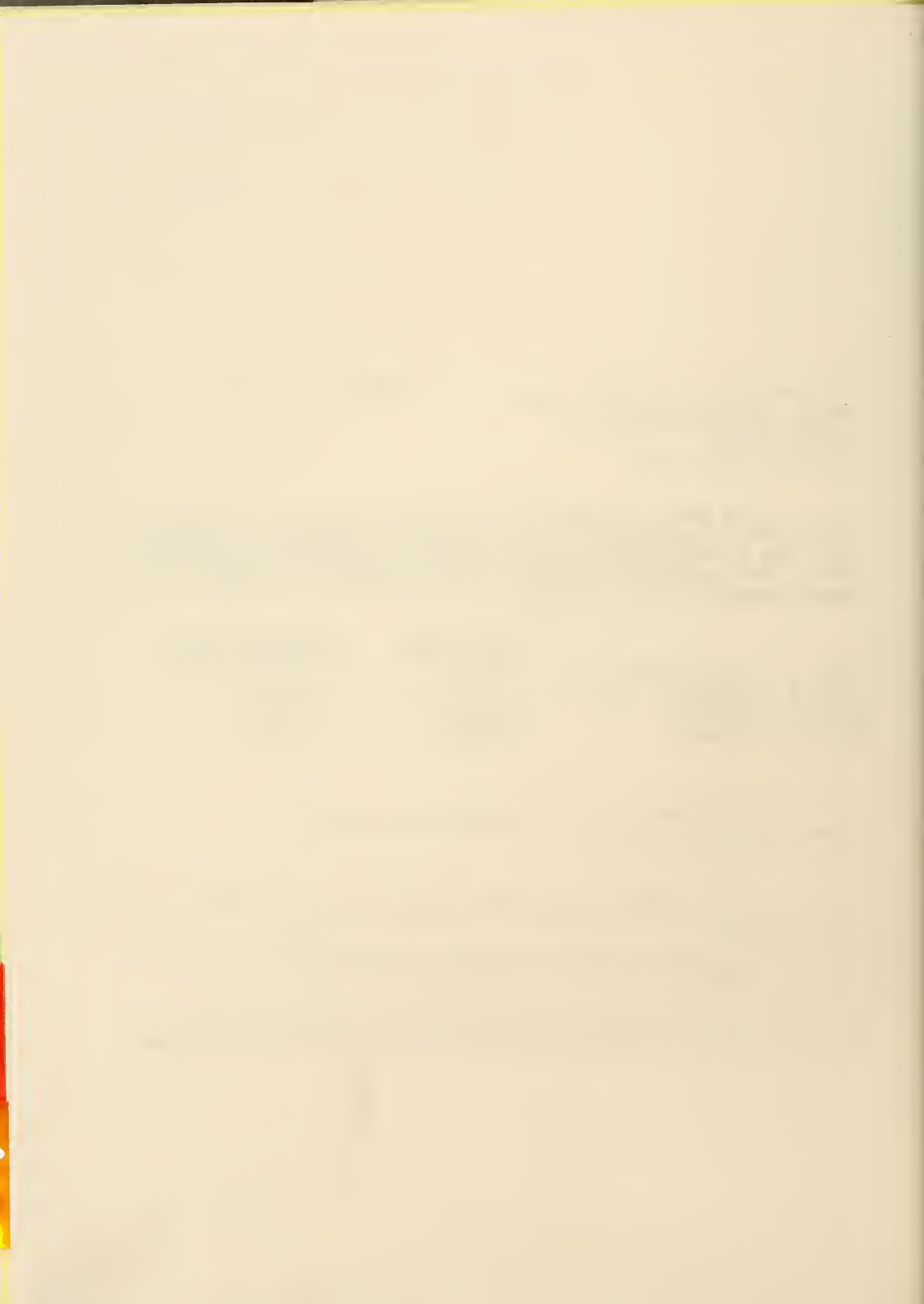
The Honorable the Senate and
House of Representatives
State House
Boston, Mass. 02133

The annual report of the Finance Commission of the City of Boston is submitted to your Honorable Bodies in accordance with the provisions of Section 18 of Chapter 486 of the Acts of 1909. The membership and term expiration dates of the Commissioners are as follows:

	<u>Appointed</u>	<u>Expiration Date</u>
Dr. John de Jong, Chairman	8/5/91	7/28/96
Tyra B. Sidberry	12/19/90	9/18/95
Karen L. MacNutt, J.D.	12/15/93	7/17/98
William Kuttner	3/24/95	8/9/97

During the year the Commission continued its longstanding practice of:

- 1) investigating matters affecting the methods of administration and finances of the City of Boston;
- 2) reviewing all contracts awarded which were not publicly advertised (over 800 contracts during FY '96);
- 3) investigating and responding to complaints from the public and providing information to the public upon request;



4) monitoring the various revenues of the Transportation Department, particularly parking meter receipts, income from the towing and ticketing operation;

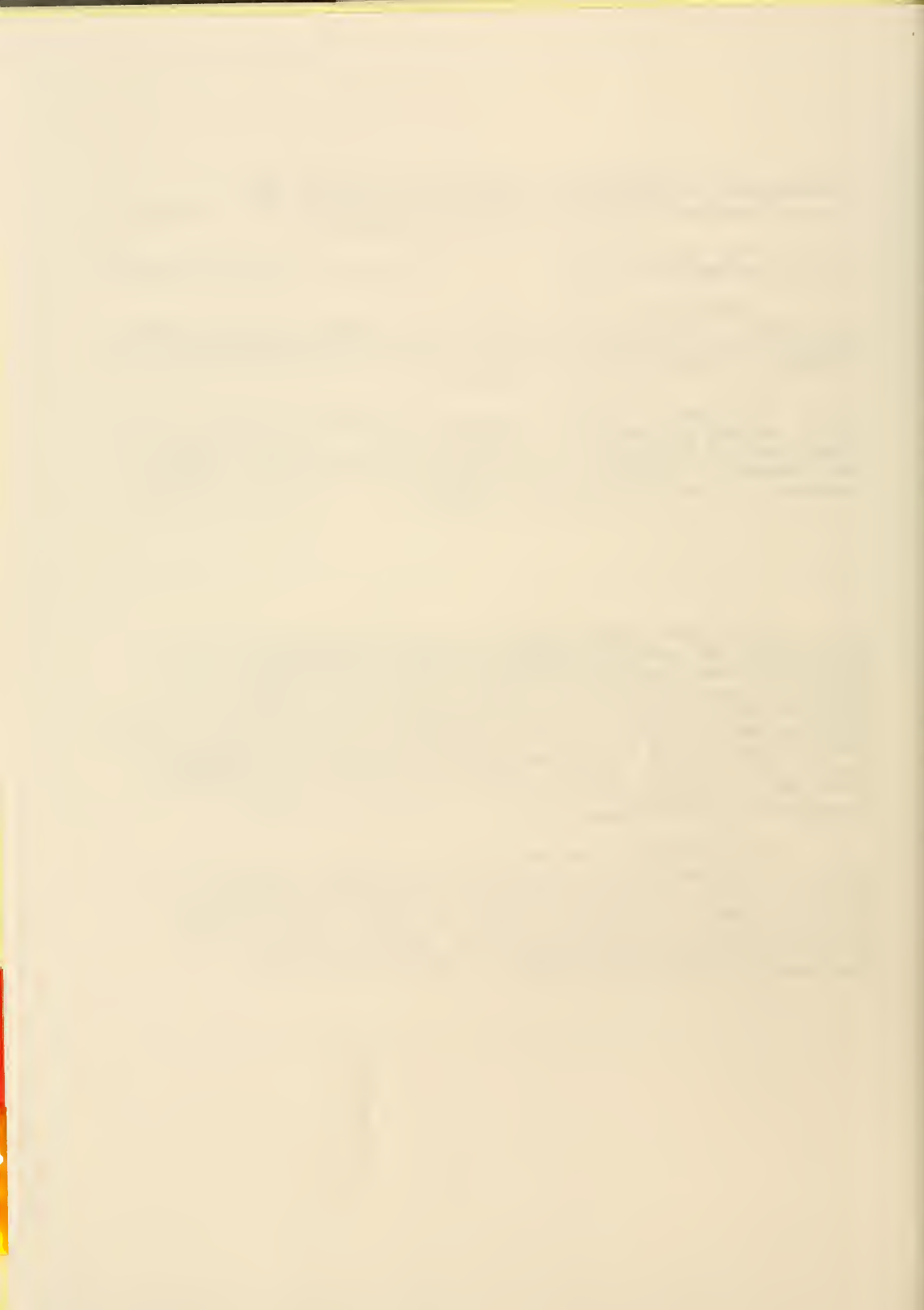
5) Consulting with City departments regarding contract and/or management issues.

The staff of the Commission included three full time employees. The Fiscal Year 1997 (July 1, 1996 to June 30, 1997) budget of the Commission is \$150,400. The Commission office is located at 152 North Street, room 309.

All records of the Commission are made available to the public as are all matters of City business. Due to limited resources the Commission has complied with its annual reporting requirement in summary form, although all its records, reports, letters etc. are available for review.

It is the responsibility of the Commission to investigate any and all matters relating to the finances and methods of administration affecting the City of Boston. The Commission has directed its staff to work with the city administration on any number of projects over the years. During 1996 the staff worked on several important issues: property disposition, school bus transportation, school bus insurance, Chapter 30B contract matters, police paid detail management and a variety of issues with respect to the City of Boston Transportation Department.

The Commission issued five reports during the year. In addition, the Commission committed a significant amount of time working towards the implementation of recommendations from reports issued over the past couple of years. The Commission also works with many City departments solving problems and reaching decisions, particularly on matters involving departmental contracting policy.



The Commission issued a report, Paid Details in the Boston Police Department in January, 1996. The major findings in that report included:

The paid detail system is a \$20 million annual business. It increases police presence and enhances public safety. However, it is viewed negatively at times because of mismanagement and costs to taxpayers and vendors. The system has been managed for the benefit of members of the Boston Police Patrolmen's Association (BPPA). Despite the written rules and regulations of the Police Department, the entire system is controlled by the thirty-nine paid detail clerks who give out the financially lucrative paid detail assignments.

It is apparent that paid details in the City of Boston will be performed by police officers. But it is incumbent on Police Commissioner Paul Evans to make the following administrative changes:

- 1) Prioritize paid details;
- 2) Assign paid details centrally with management determining the assignments, not the BPPA;
- 3) Civilianize the administration of paid details and reassign the thirty-nine officers currently performing those jobs to a public safety function;
- 4) Implement a more efficient billing system.

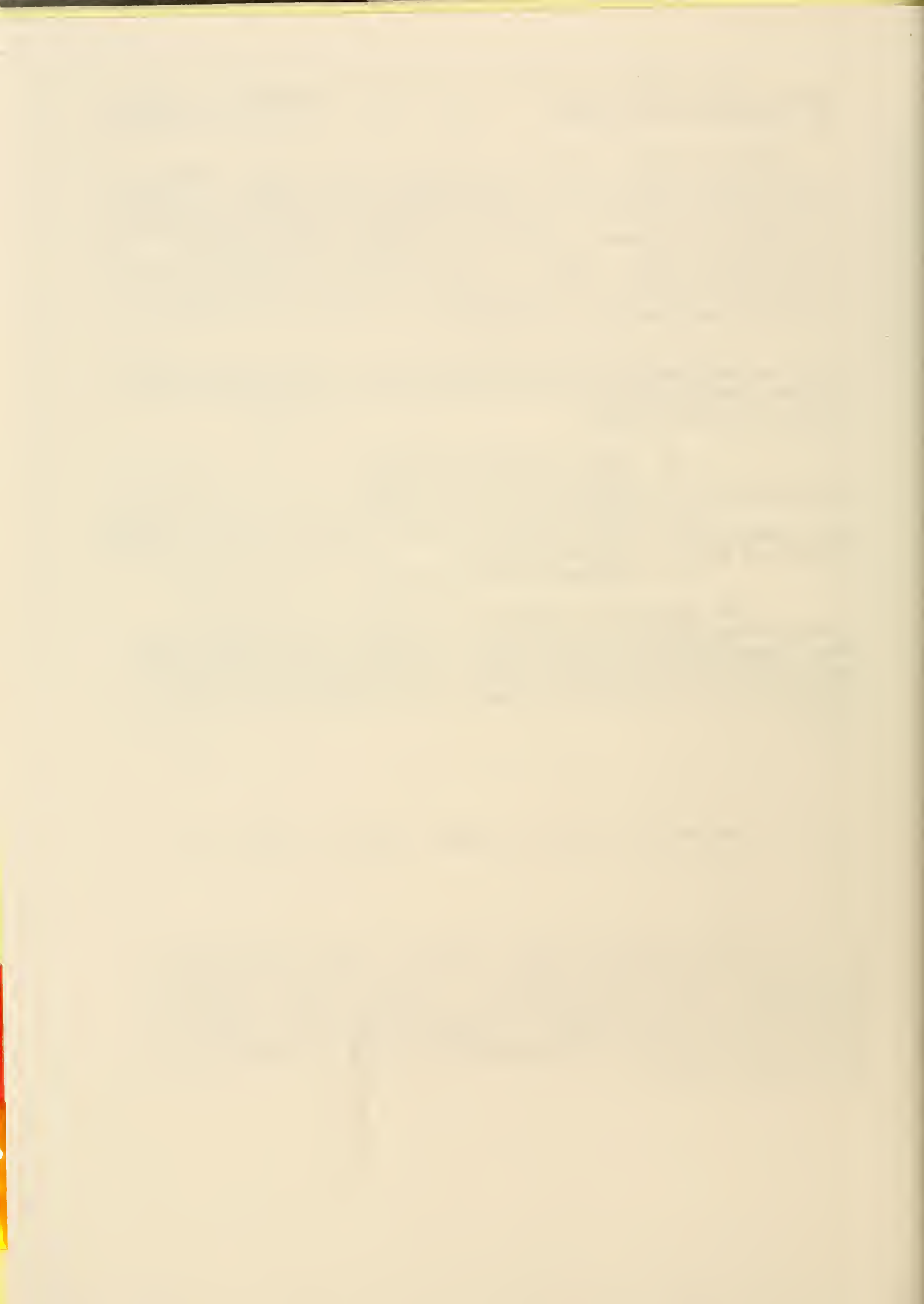
The Commission pursued its recommendations with Commissioner Evans and his staff. By year's end, three of the four recommendations were in place. Details were prioritized and assigned on a priority basis. The billing system was significantly enhanced with penalty provisions built into the system.

* * * *

The Commission issued its annual report on January 31, 1996.

* * * *

The Commission issued a report to Mayor Thomas Menino on January 16, 1996 concerning a \$27,354 payment to former Corporation Counsel Albert Wallis. It was a lump sum payment broken down into a buy-back of vacation time and a bonus. The buy-back was for four weeks of unused vacation time and the bonus payment was for a nine-week paid leave of absence which dated back to 1993.



The Commission concluded that the payment to Mr. Wallis should not have been made in full. It was determined that Mr. Wallis used 64 days of compensatory time for which he had no authorization. In fact the Commission found that Mr. Wallis had taken all of his authorized time off and was owed nothing in terms of vacation buy back.

Although the Commission found sufficient evidence that Mr. Wallis was granted a paid leave of absence, the Commission was of the opinion that there would have been no issue had Mr. Wallis taken his authorized paid leave of absence. However, to pay him for not taking the leave of absence was a decision that set a terrible precedent for the City of Boston.

A portion of the findings in the Commission's report to the Mayor were legal opinions issued by Mr. Wallis himself in his review of a similar situation regarding buy-back involving former Police Commissioner Francis Roache.

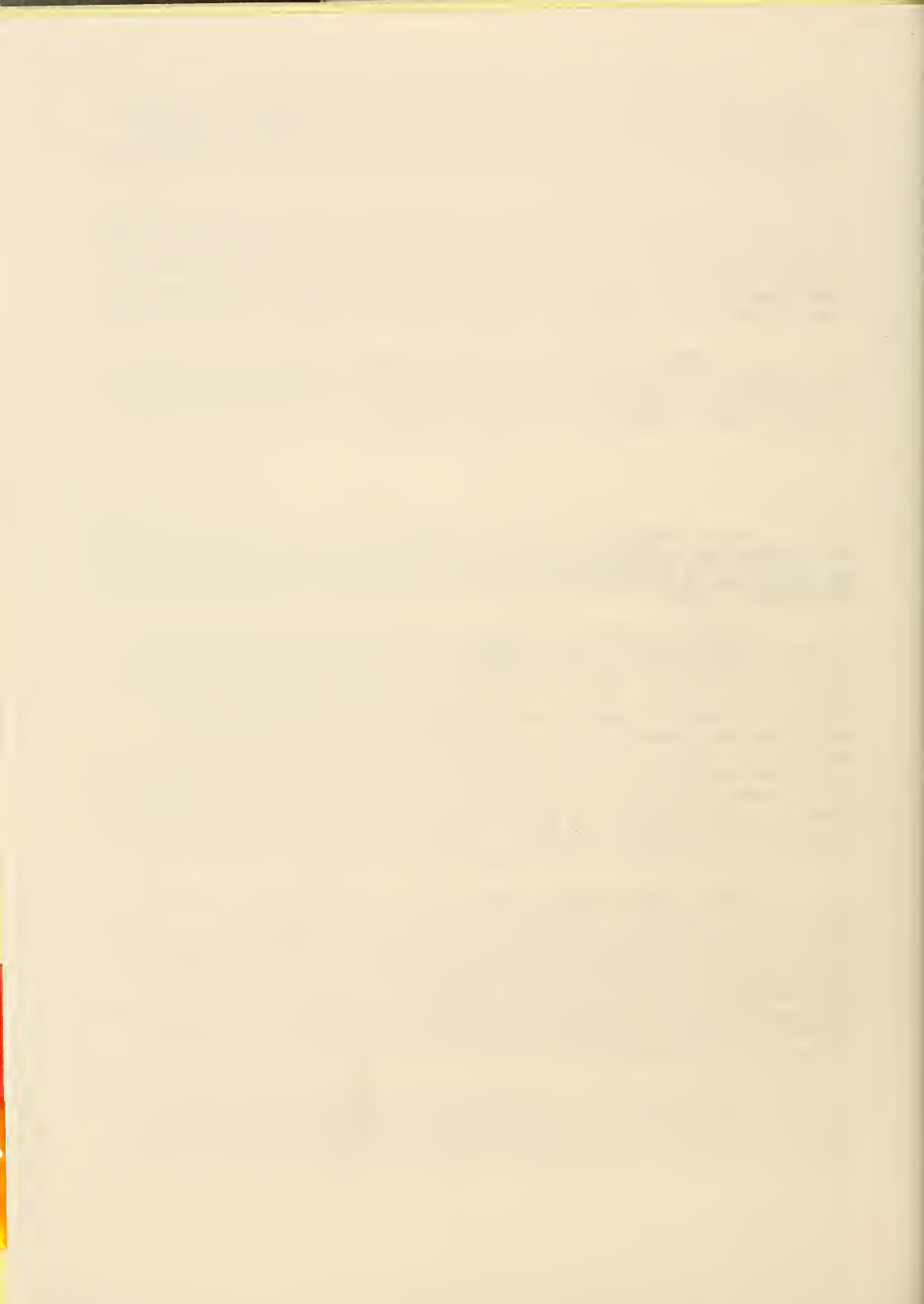
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The Commission issued a report in June, 1996 concerning the Matter of Emergency Contracts, Expenses and Procedures used by the City of Boston Regarding the Opening of School in September, 1995.

Superintendent of Schools, Thomas Payzant, asked the Finance Commission to help resolve some large contractual problems resulting from so-called emergency contracts issued in the fall of 1995. The work involved an expenditure of \$5 million to correct deficiencies found by the Inspectional Services Department (ISD), which refused to issue occupancy permits to 105 of the 117 public schools. The work was performed mostly by outside vendors, almost half of it performed on an overtime basis at a rate of pay of \$81 per hour. Change orders, amendments and a series of small contracts were approved in order to complete the work. One amendment was illegally awarded in an amount of \$1.8 million.

Mayor Thomas Menino along with Superintendent Payzant asked the Commission to assist the city in obtaining a retroactive emergency bidding waiver to allow payment to be made to the major vendor that performed the work. The Commission supported the emergency waiver request only because it was the most expeditious way to allow payment to a vendor which performed work in good faith. However, due to the many improper actions of School Department employees and the Mayor's office the waiver was denied.

The findings of the Commission in the above matter was that the entire series of events was a manufactured emergency readily avoidable with planning and cooperation between City agencies. ISD had neglected its duties in the past with respect



to occupancy permits in the public schools. Contractually a bidding waiver should have been sought at the beginning. It was illegal and irresponsible for City officials to direct a vendor to work without a binding contract. City employees with the support of top school department and administration officials failed to comply with basic contract law and bidding regulations.

The Commission also found that the same amount of work could have been done at a much lower cost. Direct savings would have been:

1. \$300,000 in School Department employee overtime;
2. \$287,000 in overtime labor rates to outside contractors;
3. \$121,000 in profit and mark-up charges billed to outside vendors.

It was also apparent that by not seeking bids for the work the City lost out on the benefit of competition and the volume discounts that occur through a bid process. Likely savings would have included:

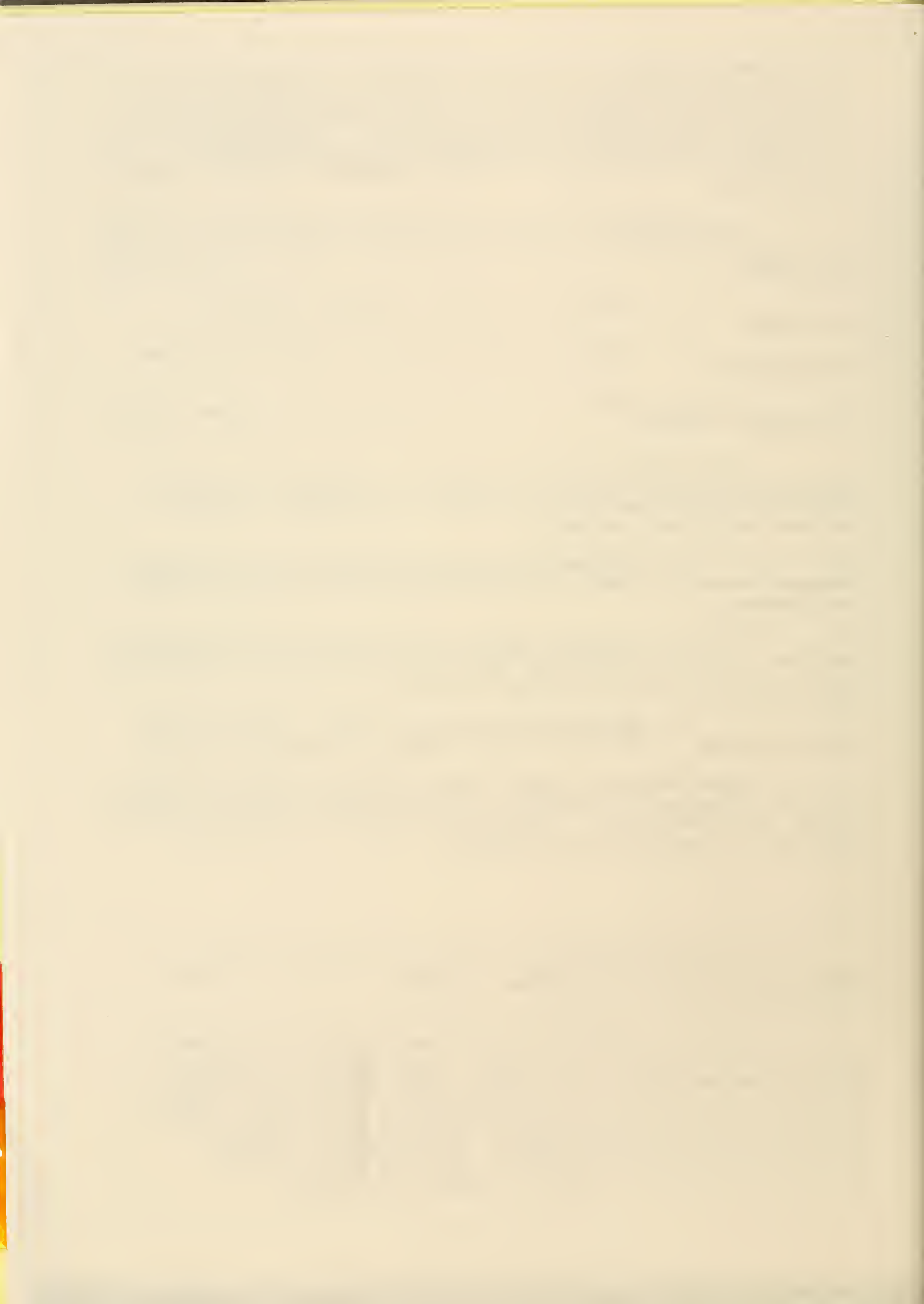
1. \$300,000 in lighting supplies that resulted because the exit lighting expense was much higher than through a bid process;
2. A reduced hourly labor rate of \$4 to \$6 hourly had the contract been bid as opposed to negotiating hourly rates which would have saved another \$135,000;
3. Approximately \$30,000 in staff time that was being expended to extract the City from self-created problems.

Superintendent Payzant asked the Commission to serve on a review committee to determine what the actual contract payment should be to the vendor. That process led to a reduction of \$150,000 in payments to the vendor.

* * * *

The Commission issued a detailed report on City of Boston Trust Funds on September 19, 1996.

The City of Boston has over 350 trust funds valued in excess of \$120 million. The annual gross income from those funds is approximately \$5 million. The Commission conducted an in-depth study of the use and management of trust fund income. Particular attention was paid to the major trust funds, the Browne, Parkman and White funds. The Commission further reviewed the financial management of trust funds and the decision-making process used to expend fund income.



There were mixed findings regarding the use of trust fund income:

1. Parkman Fund income has been used largely to offset the salary expense of the Boston Park Department. The Parkman House, the only remaining real estate asset of the trust is used to benefit the City and not the Parkman Fund.

2. While the George Robert White Fund has been a major contributor to the City of Boston, it has not been without some misuse. The most notable blunder was the purchase of the National Theater on Tremont St., a decision which cost the fund and City government \$2.4 million. Moreover, the wishes of Mr. White to insure that the public be kept informed of the uses of the fund have been largely ignored.

3. The use of the Browne Fund has benefitted the City and the projects are well managed. However, the financial performance of the fund has been poor.

4. A major oversight of the City was allowing 218 acres of land owned by the Cummings Trust to sit idle. The land is located in the cities of Burlington and Woburn and has an assessed value of \$20 million. There are no plans for its use.

5. The Commission also found that the financial management of trust funds varies and is in need of review.

The Trust report was well received by the City and Chief Financial Officer Edward Collins took immediate action to improve fund management.

* * * *

The Commission issued a report on Towing in the City of Boston on December 19, 1996. The findings of the study indicated that the City of Boston's internal towing is an operational disaster. Hundreds of vehicles towed by the Transportation Department were subsequently determined to have been invalidly towed because of mistakes made by the department. Hundreds of other tows occur because the tow fleet is too large and the department is pressured to keep it occupied. Cars are routinely tagged and towed despite missing and/or conflicting signs. Tow trucks literally roam the City looking for vehicles to tow. There has been no overall review of towing policy in the City and it is an operation in need of management.



The Commission made ten recommendations to the City and its Transportation Department.

1. There should be an immediate review of the towing policies in the City of Boston;

2. The motoring public should not be subjected to arbitrary decisions regarding towing. Unless there is a specific reason which is properly signed, no vehicle should be towed;

3. The Transportation Department must revisit all towing violations and determine which are serious enough to warrant a tow;

4. The department must address a serious signage problem. More emphasis must be placed on the accuracy of signs, the removal of conflicting signs and replacement of missing signs;

5. The violations that were identified in the report should be resolved in favor of the people who were victimized by the City;

6. Temporary signs should be placed on or over existing signs to prevent confusion;

7. Temporary signs for construction purposes should be installed by the City or witnessed by the City. No vehicle should be towed unless there is documentation that signs were properly placed in a timely manner;

8. The drop policy needs review. It is the Commission's opinion that if the motorist appears and is willing to move the vehicle, that should be allowed with the approval of a supervisor;

9. The Transportation Department must review its policy of assisting with "lock outs" and performing "move overs" in light of the fact that the City carries no insurance;

10. Once some semblance of order is restored within the tow operation, the City needs to consider the size of its towing operation.

* * * *

The Commission has a policy of responding to questions asked by the Boston City Council. In August, 1996, City Council President James Kelly asked the Commission to help analyze the financial impact of the acceptance of Chapter 71 of the Acts of 1996. The legislation would provide eligible veterans with added years of service for retirement purposes for wartime



The Commission continued monitoring the progress on the construction of the new Boston Police Headquarters. The staff reviewed the change order process and the change orders that had been approved by the City. The process is detailed and thorough and the Public Facilities Department is doing a good job managing the project.

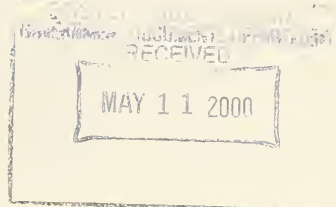
A minority compliance issue raised in the past by the Commission remains as far as the Commission is concerned. The joint venture appears to be controlled by Suffolk Construction Co. and not the minority company. Two of the top three people on the job are Suffolk employees, including the Senior Project Manager. The Suffolk staff also takes the lead in negotiating change orders.

One added issue at the project is a parking shortage. There are discussions concerning the acquisition of adjacent land which the Commission intends to monitor.

Respectfully submitted,

Dr. John de Jong
Chairman



CITY OF BOSTON
FINANCE COMMISSION152 NORTH STREET
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BOSTON, MA 02109
TEL. 635-2202
635-2203
FAX 635-2206The Honorable the Senate and
House of Representatives
State House
Boston, MA 02133

The annual report of the Finance Commission of the City of Boston is submitted to your Honorable Bodies in accordance with the provisions of section 18 of Chapter 486 of the Acts of 1909. The membership and expiration dates of the terms of the Commission members are as follows:

	<u>Appointed</u>	<u>Expiration Date</u>
Mr. John F. Fitzgerald, Chairman	July 3, 1997	July 28, 2001
Karen L. MacNutt, J.D.	December 15, 1993	July 17, 1998
Gregory T. Moffatt	August 29, 1997	August 9, 2002
Abner Mason	October 10, 1997	September 18, 2000
Paul J. Minihane	March 9, 1998	October 10, 1999

It is the responsibility of the Finance Commission to investigate any and all matters relating to appropriations, expenditures, accounts, loans and methods of administration affecting the City of Boston or County of Suffolk or any department thereof that the Commission determines requires investigation. The members of the Finance Commission serve without compensation except for the Chairman who receives a salary of \$5,000 annually. The fiscal year 1998 budget of the Finance Commission is \$164,322. The Commission has three full time employees and has its office at 152 North St., Boston, MA. During the course of the year the Commission conducts a variety of inquiries into financial and administrative practices of various agencies of city government. During the 1997 year, the Commission continued its long-standing practice of:

1.) Reviewing all contracts awarded by the City of Boston which were not subject to public advertisement. During the year the Commission's staff reviewed over six-hundred such contracts with a dollar value in excess of \$110 million. The Commission



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enjoys a working relationship with Mayor Thomas M. Menino through which the Commission reviews the propriety of every unadvertised city contract before the Mayor agrees to the final contract execution. The Commission provides the only independent review of city contracts and under its agreement with the Mayor and the City Auditor, the Commission has agreed to review every contract within a four day period;

2.) monitoring, on a weekly basis, the revenue of the Transportation Department, parking meter receipts and the income from the towing and ticketing operation;

3.) Investigating and responding to complaints from the public and providing information to the public upon request;

4.) Consulting with city departments regarding contract and/or management issues.

All records of the Finance Commission are made available to the public upon request. Due to limited resources, the Commission has complied with its annual reporting requirements in summary form. All records, reports, letters etc. are available for anyone to review at the Commission's offices during normal business hours which are 8:00 a.m. to 5:00 p.m., Monday through Friday.

The Commission issued a June 9, 1997 report on Municipal Parking Facilities following a comprehensive investigation regarding the management of all municipal parking lots located in the City of Boston. The Commission found that over a two year period, the City of Boston spent over \$1 million to maintain thirty-one municipal parking lots without seeking competitive bids for the work which is required by the public bidding law of the Commonwealth, M.G.L. Chapter 30B. The failure to seek bids was not only a violation of the law, it was also financially costly to the City. The Commission estimated in its analysis that the City paid vendors a minimum of \$495,000 more than would have been the case had the work been bid. The Commission also found that the maintenance of the parking lots was poor and that a number of vendors had been paid for work that was not performed.

The Finance Commission urged the City of Boston to immediately put a halt to its illegal and wasteful contracting practices and seek public bids for all maintenance work. A month after the issuance of the report the City had not acted on the recommendations of the Commission. The Commission pursued the matter with the City Auditor and the City's Chief Financial Officer by encouraging them to stop payments to vendors performing work in violation of the public bidding statute. The Auditor and Chief

Financial Officer agreed with the Commission and the Auditor directed the Transportation Department to comply with the recommendations of the Finance Commission. Informal bids were immediately used to provide for the maintenance of municipal lots at a significant savings. Expenses were reduced by 40%. At the same time, public bid specifications were written and advertised. There was a large response to the bidding process and contracts were awarded to the low bidders. The savings to the City were significant. Costs were reduced from \$14,657 weekly to \$1,000 weekly. **The annual savings to the City of Boston was \$550,000.**

The Commission issued a report to Mayor Thomas M. Menino in April, 1997 during the ascertainment period for the consideration of a new Cable TV license agreement. The Commission has had a long-standing interest in the Cable franchise agreement. The major concern of the Finance Commission was that any new agreement with the incumbent licensee be one that would meet the long-term needs of city residents. The Commission recommended that a requirement of any new license include a reconstructed network which would result in the replacement of the coaxial cable system with a fiber optic system. Without such an upgrade, the future needs of the city and its subscribers could not be met.

The Commission also encouraged the City to seek competition for the provision of cable services. The initial fifteen year franchise agreement with Cablevision of Boston was the result of a competitively bid process but during the fifteen year franchise agreement there were numerous amendments to the license that reduced the commitment of the cable provider to the City of Boston and its cable subscribers. It was the belief of the Commission that competition would help keep rates in line as well as provide for the delivery of satisfactory cable services. Competition was sought and the City entered into a license agreement with RCN to provide some limited cable service.

The Commission also encouraged the City to retain its commitment to public access television. The Boston Community Access and Programming Foundation, Inc., which presently fulfills that need, has become financially complacent and dependent on revenues from Cablevision. It was the opinion of the Commission that the present agreement with Access had to be changed to require its complete reorganization and promote future financial stability. The Commission recommended that a full financial and management audit be performed by the City of Boston outside audit team. The City concurred with that recommendation and an audit has been performed by Ernst & Young. There will be a revised agreement before any final license renewal is reached with Cablevision. Lastly, the Commission was of the opinion that any discussions with Cablevision regarding a renewed franchise agreement must include a commitment on the part of the company to complete the wiring of the entire Chinatown neighborhood. A number of streets in the Chinatown community are without cable service.

The Commission conducted a comprehensive inquiry into contracting problems being experienced by the City of Boston Public Facilities Department (PFD). The Commission found that PFD was not executing contracts in a timely manner and as a

result had experienced a wide variety of problems in having vendors perform work. The PFD contract office was not processing its contracts efficiently and vendors were not able to meet the terms of their contracts as a result. Vendors had also made complaints to the Commission concerning significant delays in being paid for work performed, often up to six months. Meetings were held with the Public Facilities Commission, the staff of the Mayor's Office and cabinet officials.

The contract delays were found to be costly to PFD. The Commission learned from vendors that the work being performed for PFD was charged at a higher than normal cost because vendors knew that they would wait months for payment. During the fall of 1996, PFD employed dozens of small companies on an emergency basis to resolve serious flooding problems in Roslindale. The work was performed in a timely manner but PFD failed to execute contracts for the work which delayed payment for over six months.

The Commission developed recommendations for improving the contracting process and received commitments from the Mayor's office that more resources would be directed to PFD to solve the problem. One recommendation was that additional staff be directed to speed up the flow of paperwork. A contract group was put together and the backlog of contracts was reduced. A number of repetitive administrative steps were eliminated from the contract process and by year's end the contracting issues at PFD had been significantly reduced.

The Commission also serves in various advisory roles at the request of City of Boston and Suffolk County officials. The Superintendent of Schools asked the Commission if it would agree to have the Commission's Executive Director serve on a small task force to review the delivery of transportation services and develop a new contract for the provision of such services. The Commission concurred with the request. The Executive Director along with the Chief Financial Officer of the City, the Chief Financial Officer of the School Department, the Director of Transportation and representatives of the Mayor's Office, spent considerable time developing a new school transportation contract. It is to be a three year contract at an estimated cost of \$120 million.

The Commission also consented to a request from the Suffolk County Registrar of Probate to have the Commission's Executive Director serve on the Suffolk County Registry of Probate Performance Audit Committee. The Committee was established to review procedures in the Registry. The role of the Commission's Executive Director was to put in place a bidding process for the delivery of outside services and to incorporate financial controls into the contract and personnel processes of the Registry. The result of the effort was a detailed report which made numerous recommendations to improve management and financial performance and to incorporate financial checks and balances where none previously existed. Most of the recommendations have either been implemented or are in the process of being implemented.

The Commission also served in an advisory capacity for a variety of departments.

1.) The Commission reviewed and approved the specifications for the multi-year contracts for the collection and disposal of refuse in the City of Boston;

2.) The Commission issued an advisory letter concerning the proposed acquisition of the former Registry of Motor Vehicles building at Ruggles, in which the Commission reminded city officials that such a purchase would be in violation of M.G.L. Chapter 30B;

3.) The Commission worked with City Auditor Sally Glora concerning legislation which changed two contracting procedures of the City of Boston. One change increased the bid limit for personal services contracts from \$2,000 to \$10,000 to make it consistent with state law. The second change was the elimination of the requirement for duplicate bid submissions regarding city contracts.

4.) During 1996 the Commission issued a report on towing in the City of Boston. Although the report was critical of practices that led to many improper tows of private vehicles, the Commission found that one aspect of the towing operation worked effectively. The overnight towing to enhance the street sweeping of major arteries was effective. The Commission worked with the Public Works Department on ideas to expand the major artery towing program.

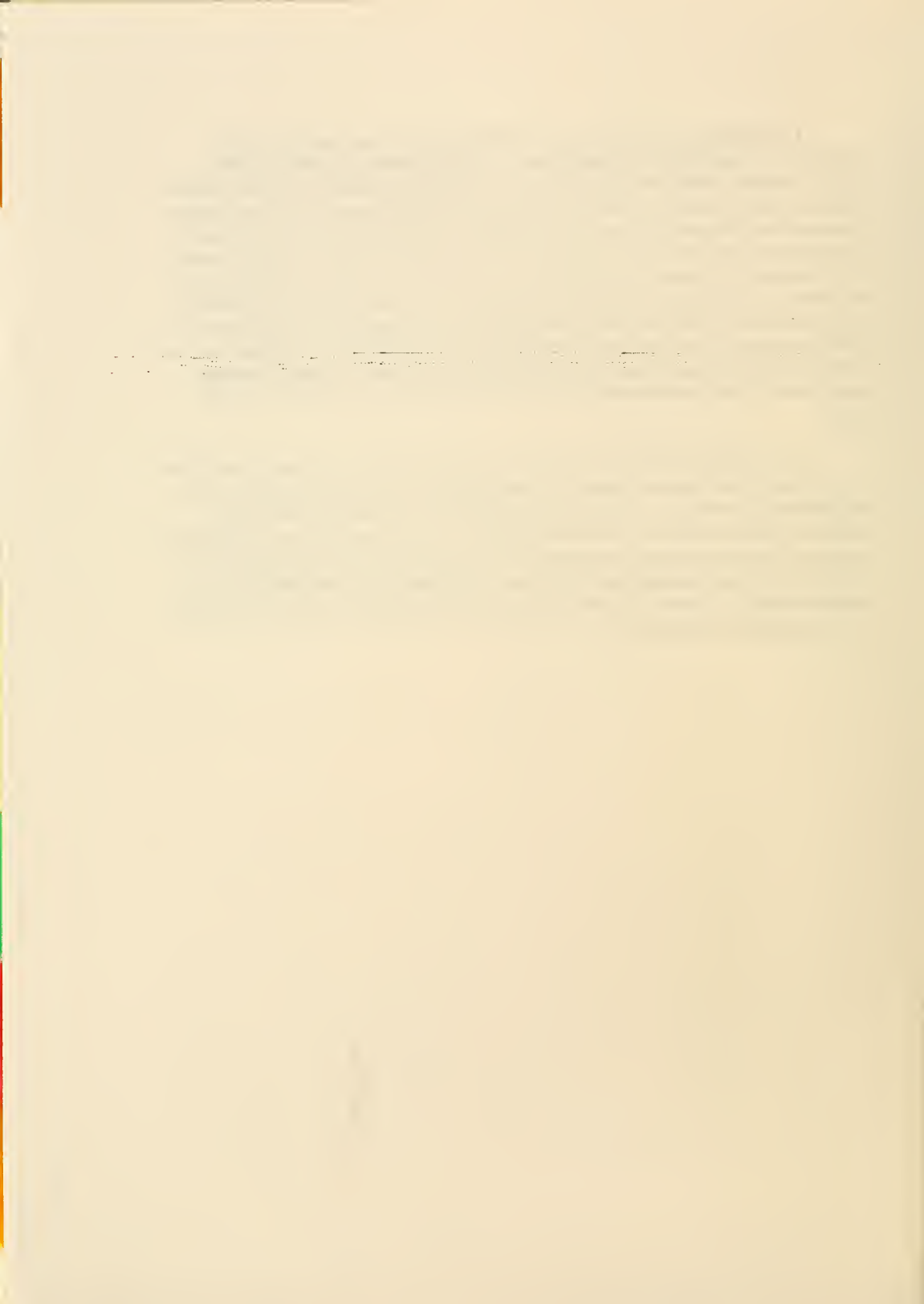
5.) Vandalism became a problem with the new parking meters during 1997. Meters were being jammed in such a way that the problem led to hundreds of meters daily being affected. The Commission's staff reviewed the revenue numbers and the routes that were affected and encouraged the Transportation Department to increase security in selected areas. Security was increased and the result has been a reduction in the problem.

6.) During the construction of the new Police Headquarters on Tremont St., the Commission's staff reviewed every change order that was authorized for payment. The Commission found no problems with any change order and submitted an evaluation of the change order process to the Boston City Council.

The Finance Commission became involved in the passage of a capital budget for the City of Boston. The City Council had held up passage of the budget. The Commission was of the opinion that delays in approving the capital budget might be harmful to several major projects, particularly the major renovations of two district high schools. East Boston and Hyde Park High Schools are currently on probation and are at risk of losing their accreditation if certain major renovations are not made. The Commission expressed its concern to the City Council that further delays in passing the capital budget could be harmful to the accreditation process. The Commission's Chairman made a commitment to the City Council and the Office of the Mayor that the Commission would allocate its personnel resources to review every aspect of both projects as well as the building of a new library/media center at the Boston Latin School. The Commission's staff monitored the process for the selection of project and construction managers and reviewed the specifications for the work at both schools. In addition, the Commission has reviewed the construction schedules with the headmasters as scheduling issues are major concerns particularly at East Boston and Hyde Park, since much of the work will be done with students occupying the buildings

The Finance Commission became concerned with the implementation of the request for proposal (RFP) contract process. The RFP process is established under M.G.L. Chapter 30B for municipal contracts. The process is subjective by design and the internal review is conducted outside of public view. The Commission found that at times it appeared as though the best proposals submitted for municipal work were not being selected by city officials. The Commission had found a serious flaw in the RFP process for the selection of a management company for the lease of the Franklin Park Golf Course. As a result, the Commission worked out an agreement with the City Auditor by which it would review RFP contracts that appeared subjective. The staff began to monitor all RFP's advertised in the City Record and follow-up with the Auditor. In addition, the staff of the Commission began attending many meetings in the Public Facilities Department with respect to designer selection as the department issues many contracts on an RFP basis.

The Commission spent several months at the end of the year evaluating the process used by the City of Boston to employ an outside company to lease and manage the two city owned golf courses. The Commission issued a report on No-Bid Contracts for Boston's Public Golf Courses as a result of its study. The Commission found that the City of Boston was not receiving a fair amount of income through its lease agreements for the George Wright and Franklin Park Golf Courses. Both leases were also found to be in violation of M.G.L. Chapter 30B and the Commission concluded that the City was losing approximately \$1 million annually.

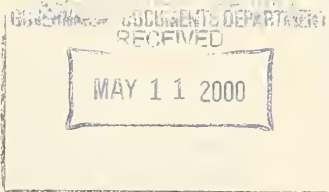


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1998 Annual Report of the Finance **Commission of the City of Boston**

The Honorable the Senate and
House of Representatives
State House
Boston, MA 02133

The annual report of the Finance Commission of the City of Boston is submitted to your Honorable Bodies in accordance with the provisions of section 18 of Chapter 486 of the Acts of 1909. The membership and expiration dates of the terms of the commission members are as follows:

	<u>Appointment Date</u>	<u>Expiration Date</u>
Mr. John F. Fitzgerald, Chairman	July 3, 1997	July 28, 2001
Karen L. MacNutt, J.D.	December 15, 1993	July 17, 1998
Gregory T. Moffatt	August 29, 1997	August 9, 2002
Abner Mason	October 10, 1997	September 18, 2000
Paul J. Minihane	March 9, 1998	October 10, 1999



It is the responsibility of the Finance Commission to investigate any and all matters relating to appropriations, expenditures, accounts, loans and methods of administration affecting the City of Boston or County of Suffolk or any department thereof that the Commission determines requires investigation. The members of the Finance Commission serve without compensation except for the Chairman who receives a salary of \$5,000 annually. The fiscal year 1999 (July 1, 1998 to June 30, 1999) budget was \$177,055. The Commission has three full time employees with an office at 152 North Street, Boston, MA. During the course of the year the Commission conducts a variety of inquiries into financial and administrative practices of various agencies of city government. During the 1998 year, the Commission continued its long-standing practice of:

- 1.) Reviewing all contracts awarded by the City of Boston which were not subject to public advertisement. During the year the Commission's staff reviewed over five hundred such contracts with a dollar value in excess of \$120 million. The Commission enjoys a working relationship with Mayor Thomas M. Menino through which the Commission reviews the propriety of every unadvertised city contract before the Mayor agrees to the final contract execution. The Commission provides the only independent review of city contracts and under its agreement with the Mayor and the City Auditor, the Commission has agreed to review every contract within a four day period;
- 2.) Monitoring, on a weekly basis, the revenue of the Transportation Department, parking meter receipts and the income from the towing and ticketing operation. The review determined some inconsistencies at one point in the year. Parking meter revenue was below projections as was income from Parking Fines. The Commission also determined that the overtime budget of the Transportation Department was high. It was a concern that there were increased operating expenses and decreased revenues. A meeting was held with Transportation Department officials to determine why revenues were low. There was no definitive explanation other than there was a new class of parking enforcement officers and that once trained, revenues should be back on track. The Commission's staff continued to monitor revenues and expenses which began to stabilize but remained below projections at year end.
- 3.) Investigating and responding to complaints from the public and providing information to the public upon request. The Commission received a number of bid complaints from vendors and each one was investigated. Only two complaints were found to be valid and the appropriate change was made in the award of the bid.

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- 4.) Consulting with city departments regarding contract and/or management issues.

The Commission's staff also began two new initiatives. One involved attending numerous departmental meetings held to make decisions on the award of contracts issued under the RFP provision of Chapter 30B of the M.G.L. Oftentimes city departments organize four to five member review teams to evaluate proposals submitted under 30B. These meetings are not advertised publicly. Decisions are made on the award of contracts and the staff began to attend a significant percentage of such meetings.

Chairman Fitzgerald also assigned a staff member to participate in a working group looking into different aspects of municipal recycling initiatives on a state-wide basis.

All records of the Finance Commission are made available to the public upon request. Due to limited resources, the Commission has complied with its annual reporting requirements in summary form. All records, reports, letters etc. are available for anyone to review at the Commission's offices during normal business hours which are 8:00 a.m. to 5:00 p.m. Monday through Friday.

No-Bid Leases for Boston's Public Golf Courses

The Commission issued a major report, No-Bid Leases for Boston's Public Golf Courses in January 1998. The major finding of the report was that the failure to seek public bids in the award of lease contracts for the two public golf courses had cost the City between \$500,000 and \$1,000,000 annually. The City had used no-bid contracts for golf management services since 1982. During those time gross revenues at the courses exceeded \$20 million but the City of Boston received only \$688,000 of that amount.

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The Finance Commission conducted a review of the lease and management agreements of dozens of cities and towns in Massachusetts. Every municipal golf course operation reviewed by the Commission provided a better financial return to the respective city or town than the two Boston golf courses.

The failure on the part of the City to seek public bids was a violation of M.G.L. Chapter 30B. In addition to the failure to seek bids and attempt to generate a fair financial return, the Commission found that the City also failed to provide any significant oversight of the two lease agreements. Several basic terms of the lease had not been met. The lessee failed to meet lease terms requiring it to perform a minimum of \$50,000 worth of capital improvements in the golf course. Revenue was not turned over to the City in a timely manner. There was a failure to file audited financial statements.

The Commission further found that the lessee was not attempting to collect non-resident fees. The City received all non-resident income and thus this failure was costly to the City of Boston.

The Commission recommended that the management of both the Franklin Park and George Wright Golf Courses be publicly bid. The Commission also recommended that the services be provided in the form of a management contract, which would provide the City with a fixed amount of annual revenues.

The City of Boston Parks and Recreation Department acted on the Commission's recommendations. Bid specifications were prepared for a three-year contract for the management of the Franklin Park Golf Course. The bid set forth certain requirements on the part of vendors and was issued in the form of a Request for Proposals (RFP). Three firms submitted bids. The winning proposal was awarded to Sterling Golf Management Company which won a three year contract paying the City of Boston \$900,000 for the three year period.

Based on its inquiry into the lease for the operation of the Franklin Park Golf Course, the Commission found that the lessee had not met its commitments in terms of capital investment into the course. The City of Boston was in the process of completing construction of a new clubhouse at Franklin Park under a separate contract. The City included an optional bid item, the construction of a new putting green. The new green would be an enhancement to the golf course. The Commission was of the opinion that the lessee should construct the new green using the specifications in the overall bid for the new clubhouse in order to comply with the required capital contribution under the terms of the lease. The Park Department concurred and the lessee constructed the green as part of its lease agreement.

A decision was made to not attempt to issue bids for both courses at the same time and the George Wright Golf Course will be put out to bid next year.

The Commission issued its 1997 annual report in January 1998.

A Solution for the Cummings Trust

A report entitled A Solution for the Cummings Trust Fund was issued in July 1998. The report was an update on a 1996 report deemed necessary by the Commission because the City of Boston had failed to resolve the dilemma of the Cummings Trust. Mrs. Mary Cummings bequeathed the Trust to the City in 1930. The value of the trust is in real estate and the trust owns 200 acres of property on the Burlington/Woburn town line. A recent appraisal of the property valued it at \$22 million. The property was not being used in accordance with the terms of the bequest, a situation which was not acceptable to the Finance Commission.

The Finance Commission previously recommended that the City seek to find a creative solution to the trust. When the purpose of a trust cannot be realistically fulfilled due to circumstances beyond the control of the trustee, it is not uncommon to seek alternative consistent uses by way of a cy pres agreement. The City had attempted to implement that recommendation but progress had been slow. The Commission recommended that the City try to essentially re-establish the Cummings Trust. A sale of the property would create the revenue stream needed to provide revenues to fulfill a like purpose. The Commission recommended that the Trust become the maintenance source for the new park area created at the site of the old Gardner St landfill in West Roxbury. The Commission also opined that revenues could be used for planned new public green space in East Boston and along the Central Artery.

The City's Collector-Treasurer who is also the trustee for the Cummings Trust has taken some steps to implement a cy pres agreement. A law firm was retained and found that the legal process could be done and preliminary approvals were granted from the Office of the Attorney General. The Commission has continued to pursue the matter by attempting to have a specific plan drawn up by the City that could be adopted. Almost 70 years have gone by and the wishes of Mrs. Cummings remain unmet by the City of Boston.

The Commission issued several small reports on subjects of interest. The Commission made several proposals to the City that it believed important as the City tried to reach a new agreement for the provision of Cable TV services to the City from Cablevision of Boston. The Commission has had a longstanding interest in the contract for the provision of cable services.

The staff of the Commission worked with the Mayor's Office of Cable Communications on the development of the new agreement. The Commission wanted to be sure that the financial components of the agreement were sufficient for the City. Any agreement should also include a rebuild of the system. The funding of the Access Foundation should include incentives for the Access Foundation to implement financial controls and require it to raise outside funds. The operator should also be required to fully construct the system to include areas in the City, particularly in Chinatown, that had not yet received cable service.

The new cable franchise agreement was ten years in length and its terms included the matters of concern to the Commission. The City received 3.4% of gross revenues, up from the present 3%. The annual value to the City was about \$2 million at the present rates and levels of subscribers.

The agreement also resulted in a much-improved contract with the Boston Community Access and Programming Foundation. The Commission had previously recommended that the Access Foundation be audited. The audit found numerous shortcomings that could not be allowed to continue. The new agreement calls for an annual audit. It also included a financial plan that continued funding at the present dollar level for the Access Foundation but a reduced percentage of gross revenues. The agreement also includes a comprehensive policy of fundraising for the Foundation, which will be the key to its future success. The financial terms were critical due to changes in the laws regulating the industry. The City had a right to no more than 5% of gross revenues. Any revenues shared with the Access Foundation were in essence a subsidy from the City of Boston. This was a significant change from the first fifteen-year agreement. The sharing of revenue was critical for the continuation of access but the City needed financial assurances and management changes in order to guarantee performance by the Access Foundation, which it received.

The Finance Commission has had a longstanding interest in the tax foreclosure and property disposition process of the City of Boston. The Commission recognizes the need for a diversified disposition plan and monitors the efforts of the City to sell foreclosed property. One such effort was a March 1998 auction of city property held at the Roxbury Community College. The Commission monitored that process and directed its staff to attend many of the property viewings and the auction. The auction generated \$1.2million in revenue. However, the Commission was concerned that on the day of the auction the city removed seven parcels from the proceeding without notice and without offering those present a reason.

There were many people at the auction who were upset that properties were withdrawn. People had taken the time to attend a property viewing, taken time to attend the auction and had to put down \$5,000 to qualify as a bidder. The Commission expressed its concern and sought reasons for why property was removed. The explanation from the City was vague. There were no alternative disposition plans and the Commission determined that it would watch the seven properties that were removed and track the disposition efforts regarding each.

None of the properties removed from the auction list was sold by the end of 1998. The maintenance expense for the properties varied but one building suffered a fire and another needed internal repairs. The Commission directed its staff to attend any and all meetings regarding the seven properties and encouraged the city to determine ways to sell these properties and return them to the tax rolls. The review was being pursued and the Commission was planning a comprehensive analysis of the status of all buildings in tax possession.

The Finance Commission issued a report to Mayor Thomas M. Menino concerning a \$500,000 administrative support contract to the University of Massachusetts Boston. The money was to pay for software programs used at homeless shelters and to establish a link for the data to be compiled and analyzed at Umass Boston. The Commission conducted an inquiry into the services being provided and visited numerous shelters that were using the software. Based on those findings the Commission reported to the Mayor its concern.

There was no plan on what to do with information once it was collected, rendering the link of minimal use. The bulk of the contract was for administrative salaries. The software did not allow shelters to track individual cases between shelters, which was a critical management need. The Commission also found that many shelters listed as participants were not using the software. It appeared to the Commission that the only benefit to the shelters was that the software helped them fill out many required HUD forms.

The Commission was of the opinion that there was much to do in order for the ANCHOR software to be of benefit to the shelter population citywide. The users visited by the Commission all believed that the link was a critical component and that the software offered potential benefits. The Commission's report to the Mayor recommended that the City needed to monitor this contract aggressively and the Commission determined that it would follow-up its initial inquiry.

Mayor Menino responded that there was more to be done but that the program would be fully implemented by December 1998. He also assured the Commission that it would be provided with periodic reports. The program was not fully implemented by December 1998.

Chairman Fitzgerald committed the Commission to monitoring the three major capital improvement projects involving high school in the City of Boston. Each project was critical to having the respective schools retain accreditation. The first two projects were major additions at East Boston High and Hyde Park High School. Both projects were under construction in 1998. The third project was a new library/media center at Boston Latin School, which was only in the design stage during 1998.

The Commission's staff met with DND officials, outside project managers and school officials at both East Boston and Hyde Park High Schools. The staff also regularly visited both sites and attended a number of the weekly construction meetings. The Commission offered to help out on any conflicts at either site particularly those affecting the daily operation of either school. The staff also reviewed every change order that was agreed upon. It was inevitable that changes

would occur as both buildings were built in the 1920's and much of the work involved renovating existing areas.

The Hyde Park project began first and remained on schedule. There were problems relative to completing the cleaning of the building for the opening of school in September, 1998. In addition, a number of classrooms had ceilings with peeling paint and corrective action was necessary. Although that was not part of the contract it was evident that some ceiling work needed to be done prior to school being opened. A solution was worked out and school opened without too much disruption for the students.

Both projects were on schedule and under budget at the close of 1998.

The Commission also looked into a complaint concerning the delays in a project that was to renovate the closed and boarded up former Community Center at the corner of Dudley and Vine Streets. The project was a priority for the neighborhood and particularly the Dudley Street Neighborhood Initiative (DSNI). The Commission's staff met with officials from DSNI. Their complaint was that the project had gone through a lengthy process and had been put out to bid only to see long delays in the award of a contract.

The Commission found that there was a bid dispute holding up the project. The bid dispute involved the interpretation of an Apprenticeship Training Ordinance passed by the City. The low bidder was a non-union contractor that did not have an approved program. The second low bidder was a union contractor that also did not have an approved program but maintained that its union affiliation was such that employees had the opportunity to participate in training programs.

The Commission learned that a number of city contracts were being held up due to the ordinance language. The Commission conducted an inquiry and issued some recommendations to Mayor Menino and the City Council.

The Commission found that the problem facing the City was not the intent of the ordinance but its wording. The Commission recommended that the ordinance be amended and that vendors be required to have the required program in place at the time of the execution of the contract and not at the time of the bid opening. The Commission believed that requirement to be consistent with other contract requirements.

During its inquiry the Commission learned that the City had a double standard in place in terms of the apprenticeship language. The City had sought a language change regarding apprenticeship training programs with special legislation regarding phase two of the Boston Public Schools technology contracts. The City incorporated language for that specific contract that vendors were required to have an apprenticeship training program but not until the contract was executed. It appeared to the Commission that the City supported that change because of its experience in executing contracts under the ordinance and the failure to execute the technology contracts would have jeopardized state funding.

The Commission was of the opinion that the Mayor and City Council should view all contracts on this issue in the same manner. The Vine Street project was being delayed. A significant building demolition contract was being delayed in Codman Square as were several smaller contracts. The Commission also recommended that a financial threshold be added to the ordinance. Small contracts, particularly those under \$100,000, should be exempted, as there is no benefit in requiring a training program on small contracts.



Report Binder	
Stock No./Color	

80571	Black
80572	Lt. Blue
80573	Dk. Blue
80578	Rust
80579	Exec. Red

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